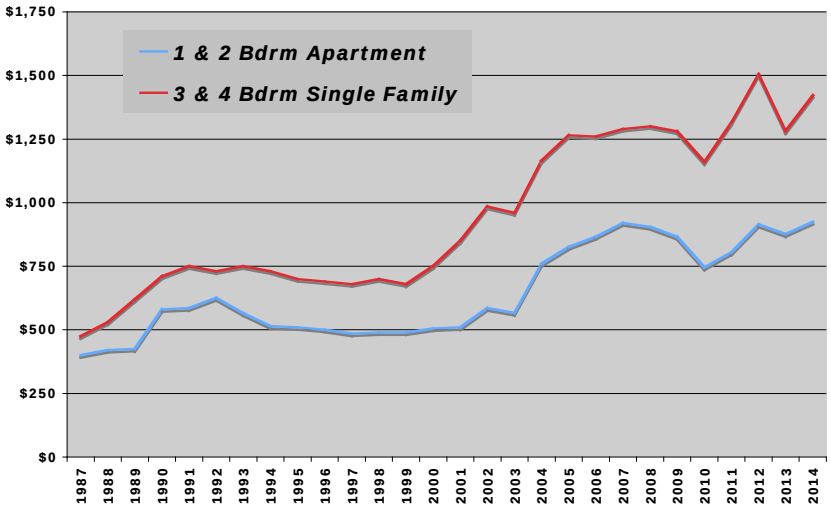
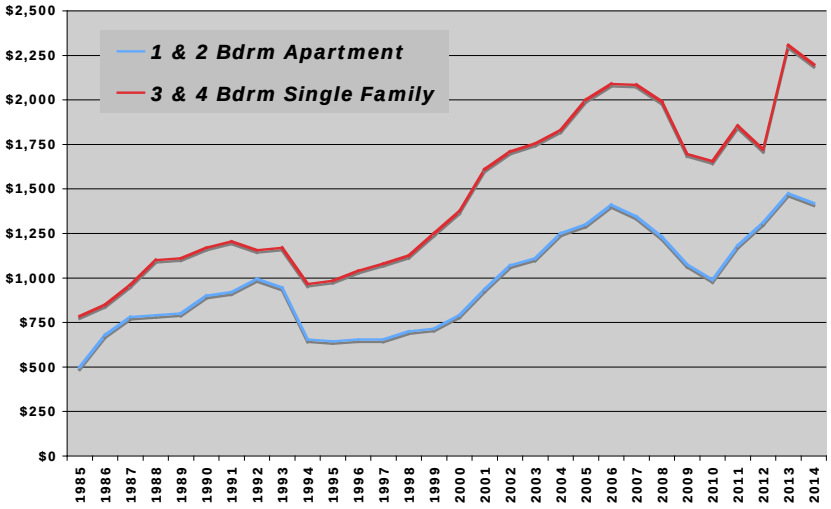
HAWAII RENTAL MARKET

Affordable Rental Housing Study Update, 2014

East Hawaii County Rents



West Hawaii County Rents



Office of Housing and Community Development

County of Hawaii

By Ricky Cassiday
http://www.rcassiday.com

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I. INTRODUCTION OF RESEARCHER

Ricky Cassiday is a market researcher who specializes in analyzing residential real estate markets and has been retained to perform a study analyzing the rental and for-sale housing market on the island of Oahu. This study focuses on the historical, current, and projected rental market conditions and trends to help forecast the depth and breadth of the need on the island for housing, both rental and for-sale.

The data and statements herein are based on independent research by Ricky Cassiday and are in no way contingent upon outside findings or recommendations. He focuses exclusively on residential market research in the state of Hawaii, servicing the developer, lending and landowning community with regular reports on the housing markets. Additionally, he conducts numerous feasibility studies, including the for-sale and for-rent affordable housing projects – to date, 32 on Oahu, 5 on the Big Island, 4 on Maui and 7 on Kauai.

The author makes every effort to verify that all of the information in the study and in particular the market description and analysis is accurate, but is aware that 100% accuracy is unlikely. Finally, the analysis and statements herein are based on independent research by the author.

II. SCOPE OF WORK

The general objective was to update the 2011 Rental Housing Study, and in doing so, to address current needs. The RFP was written as follows:

1. Provide updated rental housing information using data from existing sources including the U.S. Census, American Community Survey, reports on homelessness, newspapers, and online advertising for rental properties.

2. Provide analysis of information and data and assess future rental housing needs by county and where possible, by specific community or neighborhood area:

    - Describe the rental housing market, including a comparison of the overall rental market with recently developed projects that have been financed in part with public funds;
    - Compare renter and owner household and housing characteristics, including condition, extent of crowding, extent of cost burden, etc. in ACS and Census data;
    - Identify changes from the previous Study data (e.g., rental housing supply, costs, conditions, etc,) and possible public policy implications;
    - Describe housing trends;
    - Identify emerging issues; and
    - Assess future rental housing needs for seniors and family households by community or neighborhood area, and by income group, specifically 30, 50, 60, 80, 100, 120 and 140 percent of area median income (AMI, as determined by the US Department of Housing and Urban Development, or HUD).
    - To the extent feasible, provide Rental Housing information and analysis by race (i.e., Native Hawaiian and Other Pacific Islander alone).

The study entailed collecting, comparing and analyzing information that has a bearing on the numerous aspects of market demand for rental housing in the state and the county, including but not limited to publicly available real property, economic and commercial data. Rental information was collected from rental agencies, condominium resident managers, and the classified ads on-line with Craigslist, Rental Jungle, and other services, as well as in the Sunday Star Advertiser.

Income and demographic information was obtained from the State of Hawaii, City and County of Honolulu, Bureau of the Census, Ribbon Demographics and CLARITAS, a Nielsen Company.

The study will address these items and issues, but in an analytic format. It will be starting with an overview of the housing market and the factors that drive it, and then begin drilling down from there to talk about the rental market.

In doing so, it will look at the rental market, in terms of supply and demand. These will be the major components of the study.

The first to be described, analyzed and discussed will be supply of rental housing using updated rental data, as called for in the RFP, which originated in Craigslist. The data will be presented twice: the first being just the recent data, as performed by this researcher; and the second being putting the recent data into a historic context, using the data series developed over decades and presented in the Hawaii Housing Study Update.

This will be followed by a description, analysis and discussion of the demand for rental housing. This will focus in on the demographics of market demand and look at it by renters, by age group and by income group. It will illuminate the present condition of rental housing demand and make a projection as to conditions in the future. It will specify data by AMI for seniors and family households, as mentioned above, for the 30, 50, 60, 80, 100, 120 and 140 percent of area median income (as determined by the US Department of Housing and Urban Development, or HUD).

In both, there will be a discussion as to the source of the data, the process of collecting, compiling and presenting the data, both current and historical, and finally a note about the accuracy of the data in reflecting the reality of the market. This will speak to the integrity of both the Craigslist and Census data.

Finally, there will be sections that address the other items in the RFP:

- Looking at the overall market in the context of recently developed projects
- Looking for distinctions between renter and owner housing characteristics, including quality, crowding and costs.
- Looking at changes and trends since the last study and before, both mentioned in that study and not

STUDY LIMITATIONS: Due to budgetary limitations, we could not produce and analyze rental demand below the level of the county, i.e., down to the specific community or neighborhood area. While the data exists, the collection and analysis called for went beyond the resources we were able to allocate to this study. By the same token, we were unable to descend to the level of looking at the demand for rental housing by race (i.e., Native Hawaiian and Other Pacific Islander alone).

III. MARKET DEFINITION AND DESCRIPTION

A. MARKET AREA

The largest of the major Hawaiian Islands, the Big Island is 90 miles long by 80 miles wide at its furthest points. Larger than the State of Connecticut, it contains roughly 4,000 square miles (2.5 million acres), which compares to Oahu with 600 and Maui with 1,200 square miles. It is the youngest island in the chain (being 35 million years old) and the southernmost point of the United States. Five volcanoes formed the Big Island, the world's most active and safest volcano, Kilauea, which has become one of the islands most popular visitor attractions. It's major

landmark, Mauna Kea, is the tallest mountain at 13,736 feet in the Pacific Basin and provides astronomers with the best stargazing on the planet earth.

Only 2% of the land area has been developed for commercial and residential use leaving the remaining 98% divided between agriculture and conservation, with the mountainous core of the island taking up much of this area. This compares to the statewide average of 4% zoned for urban usage. Of all the islands, this one is the most rural.

The majority of the island's roughly 164,000 residents lives and works in the coastal areas leaving the interior of the island pristine and beautiful. The weather is temperate year round with daytime temperatures down at sea level ranging from the mid 70's to the mid 80's, slightly warmer in the summer and slightly colder in the winter. The northeast trade winds average about 15 mph for most of the year, and provide refreshing breezes. Rain showers usually fall in the evening and early morning hours, predominantly over the mountain ranges. The temperature of the ocean ranges from 68 to 80 degrees Fahrenheit. The combination of predominately blue skies, gentle winds, moderate temperature, warm ocean, and light rain in the evening support the sense of residents and visitors that the climate is near perfect. Which itself supports a strong visitor industry, as well as a second home and retirement community.

The Big Island of Hawaii has three major resort areas:

- **North Kohala**, a 40-minute drive from the airport, it has the oldest resort master planned resort in the island, Rockefeller's Mauna Kea. There are also two other major resorts, Mauna Lani and Waikoloa, both developed in the late 1980's. It is very close to the upcountry communities of Kamuela and Kohala, both of which have rainforests and temperate climates.

- **North Kona,** a 15 minute drive from the airport, it hosts the newest resort master planned communities, also the most exclusive and most expensive: Hualalai and Kukio. They have excellent golfing, limited beaches and are located atop a recent lava flow.

- **South Kona**, a 20-minute drive south, it is on the warmer side of the coast. It boasts better weather, in the sense of being less windy. It has some of the most spectacular golfing, with no disturbing trade winds. It includes the resort areas of Keauhou and Hokulia, plus the village center of Kona.

B. HOUSING INVENTORY

Close to three quarters of the housing units in the County of Hawaii are almost evenly divided among Puna (22 percent), South Hilo (26 percent), and North-Kona (23 percent). Not only do Hawaii Island homes have the lowest median assessed value in the State (2010), they are also the only ones for which the median assessed value for single family dwellings ($218,900) is lower than for condominiums ($231,800). This is likely related to the fact that Hawaii County condos are the largest condo units in the State (average 1,141 square feet) and that non-Hawaii residents who are willing to pay more for a part-time home in paradise own half of the County's condo units.

Fully 65 percent of single-family housing units in the County of Hawaii were owner-occupied and 20 percent of residents in condominium units were homeowners. Hawaii County's 17.8 percent is one of the highest rates of out-of-state ownership and second only to Maui County. In 2011, persons from outside of the State owned 12 percent of Hawaii County's single-family housing units and 49 percent of the condominium units.

C. HOUSING CHARACTERISTICS

The following are highlights from the 2013 American Community Survey 1-Year Estimates:

- Hawaii's **median housing value** increased from $496,600 in 2012 to $500,000 in 2013. This increase, however, was not statistically different. Hawaii remained #1 in the ranking with the highest median housing value in the U.S.

- **Median housing value** was the highest on Oahu at $573,800 in 2013, followed by Kauai County at $498,300. Median housing value on Maui was $471,800 while Hawaii County had the lowest median housing value at $291,900 in 2013.

- The **median housing costs for owners with a mortgage** fell slightly from $2,273 in 2012 to $2,220 in 2013. This difference was not statistically different.

- **Median housing cost for owners with a mortgage** was the highest in Honolulu County at $2,362 per month in 2013, followed by Maui County at $2,261 per month, Kauai County at $2,022, and Hawaii County at $1,637 per month.

- Oahu renters paid the highest **median rent** in 2013 at $1,535 per month, followed by Maui County renters at $1,292 per month, Kauai County rents at $1,281, and Hawaii County renters with the lowest rent at $1,017 per month.

- Hawaii County had the highest **homeownership** at 66.0% in 2013, followed by Kauai County at 61.7%. Maui County had a homeownership rate of 59.1%, while Honolulu County had the lowest homeownership at 53.2%.

- An indicator of **crowding** is the percentage of occupied housing units with 1.01 or more occupants per room. In 2013, Hawaii ranked #1 in the nation with 8.8% of our households statewide residing in crowded conditions.

IV. THE ECONOMIC BACKGROUND

Simply put, real estate sales and values move closely in synch with an area's economic growth, and the mechanism by which this growth occurs is via rising incomes and higher job counts. Both feed directly into demand for housing.

In the short run, economic growth is determined by trading activity, the most important of which is the level and balance of trade between the area and it's major trading partners. In the case of the state, the major trade is in recreational goods and services, the largest of which is the visitor industry. The health of this industry is tied to the health of the economies that send visitors to the state.

In the longer run, economic growth is also determined by population changes (both migration and demographic) and lifestyle preferences.

We start by looking at the economic outlook for the state of Hawaii, which will be closely followed by examining the residential market. Both the state's economy and the state's residential real estate market are affected by the global and national economy, as well as the national real estate market.

As the state's major industry is tourism, the major trading partners here would be the US, Canada and Asia on the international level: then California, and the west coast states, on the national level: and finally on the state level. As such, we examine the economic health of these trading partners in order to get an understanding of their ability to trade (send visitors, home owners and capital funding) with the state, currently and for the future.

A. GLOBAL ECONOMY

The overall global economic forecast by the International Monetary Fund (IMF) earlier this year noted that the recovery had solidified, but the unemployment and underemployment has remained stubbornly high. It said financial conditions are improving, and those risks have shrunk meaningfully, but with a chance of a fallback in economic activity (a double dip). The advanced economies have been repairing their public and financial balance sheets, which would then act to stimulate more employment. The emerging markets need to beware of overheated economies, financial markets and property markets.

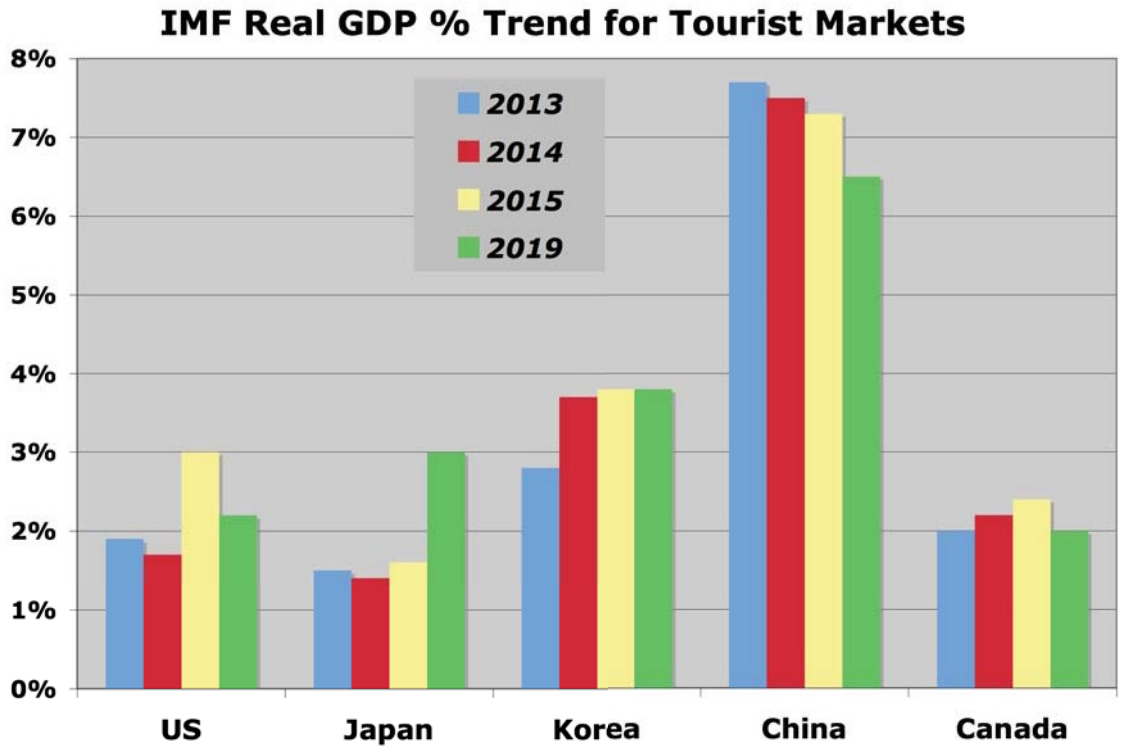

Figure IV-1. IMF Real GDP % Trend for Tourist Markets

The IMF predicted that if the advanced economies continue to repair their public and financial balance sheets, and stimulate employment, and if emerging markets do not overheat their economies, global financial markets and property markets will continue to grow. Indeed, this is what seems to be happening, as witnessed by the willingness of the US Federal Reserve Bank to begin to talk to the markets about reducing their support of low interest rates.

B. UNITED STATES

Per the IMF, the US economy is projected to grow by 2 percent in 2014, as firmer private final demand takes the burden to stimulate the economy off of federal fiscal policy. More and more, the risks to the economic outlook are abating - the recovery in housing prices and the slight growth in the job market are big positives looking ahead. Given the slack in the economy, inflation is expected to remain subdued, but then so is consumer purchasing power generally.

That said, the key markets for Hawaii, the higher income households and the West Coast, are well positioned to spend more and more of their discretionary income on vacationing, particularly to the neighbor islands.

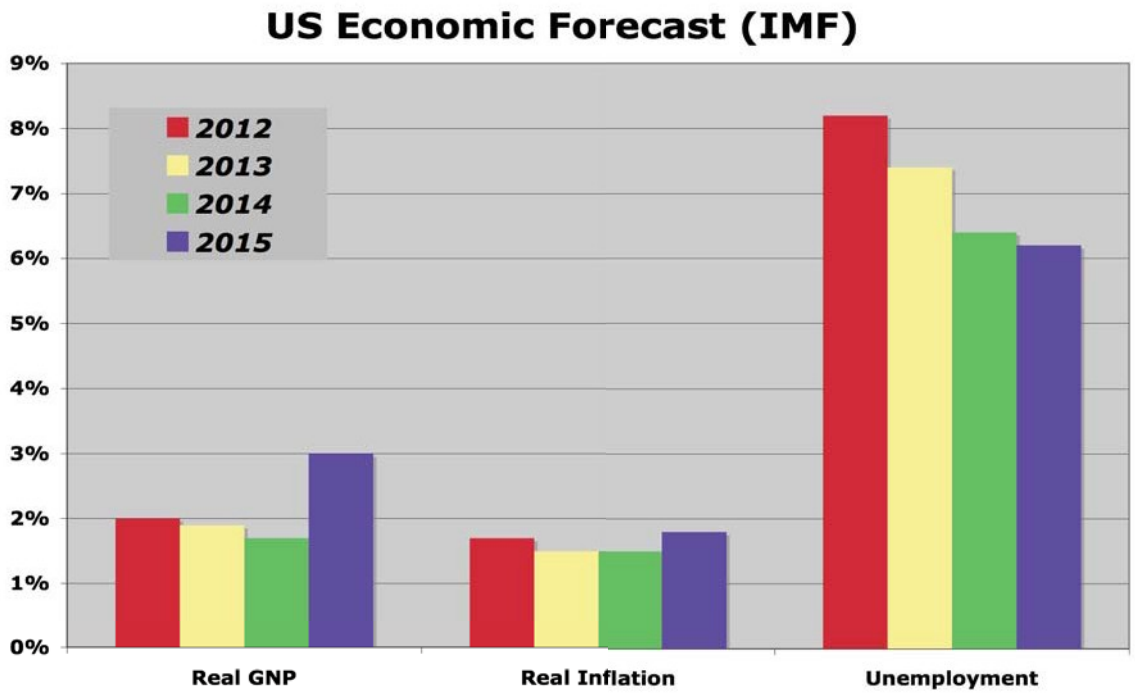

Figure IV-2. US Economic Forecast (IMF)

Looking ahead, the IMF expects the US economy will continue to see rising economic activity (in inflation adjusted real terms). An improved US economy is manifested in terms of higher visitor industry revenues, which itself feeds the demand for second homes. The state's, and the county's major source of second homebuyers is California.

C. CALIFORNIA

Like the rest of the nation, California has been saddled with negative and near negative economic growth, since 2007-2008. However, as of September 2014, the state's economic fortunes have rebounded, with the state GDP forecast to move higher: Real income growth is positive and increasing, as have housing prices, and job creation, while somewhat sluggish, finally topped its July 2007 peak for non-farm employment (as have two other major sources of Hawaii tourists and second home buyers, Colorado and Washington).

Further good news is that the major negative drag over the last 4-5 years on the economy – housing - has significantly turned around, with sales, prices and new homes production all positive. This is of particular import to the county's visitor industry, and therefore the overall economy and real estate market.

As seen in the next few charts using statistics on the prices of single-family homes across the nation (from Federal Housing Finance Agency), the areas where those visitors (and then, second home buyers) live have enjoyed rising home prices the last three years. Better, there's a positive correlation between the county's housing prices and those municipalities where visitors and resort homebuyers originate.

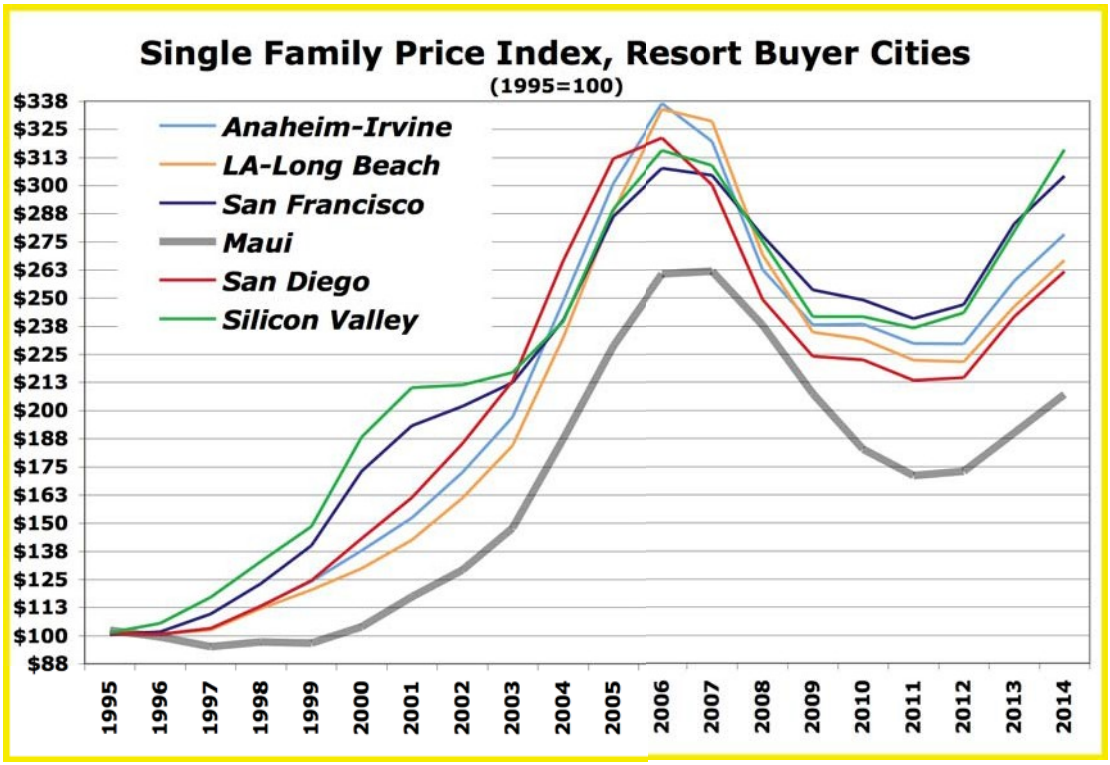

Figure IV-3. Single Family Price Index, Resort Buyer Cities

Finally, the following chart shows that the price trends in comparable visitor oriented cities on the mainland are trending upward.

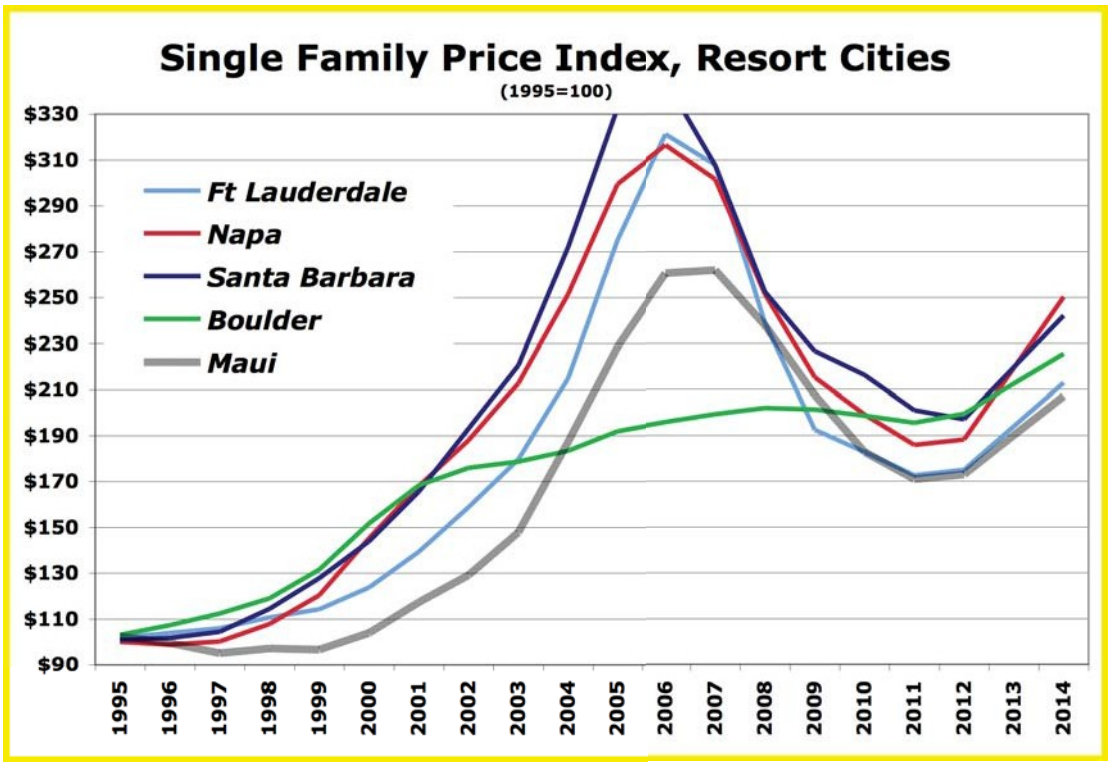

Figure IV-4. Single Family Price Index, Resort Cities

D. HAWAII STATE

According to the state economic forecasters at DBEDT, Hawaii's economy continues to grow strongly in 2014 at an accelerating rate and continue into 2015. They expect that the growth in the state's economy will outpace that of the nation.

The state has a very low unemployment relative to the rest of the nation, thanks to a resurgent demand in the visitor industry, the major engine of economic growth.

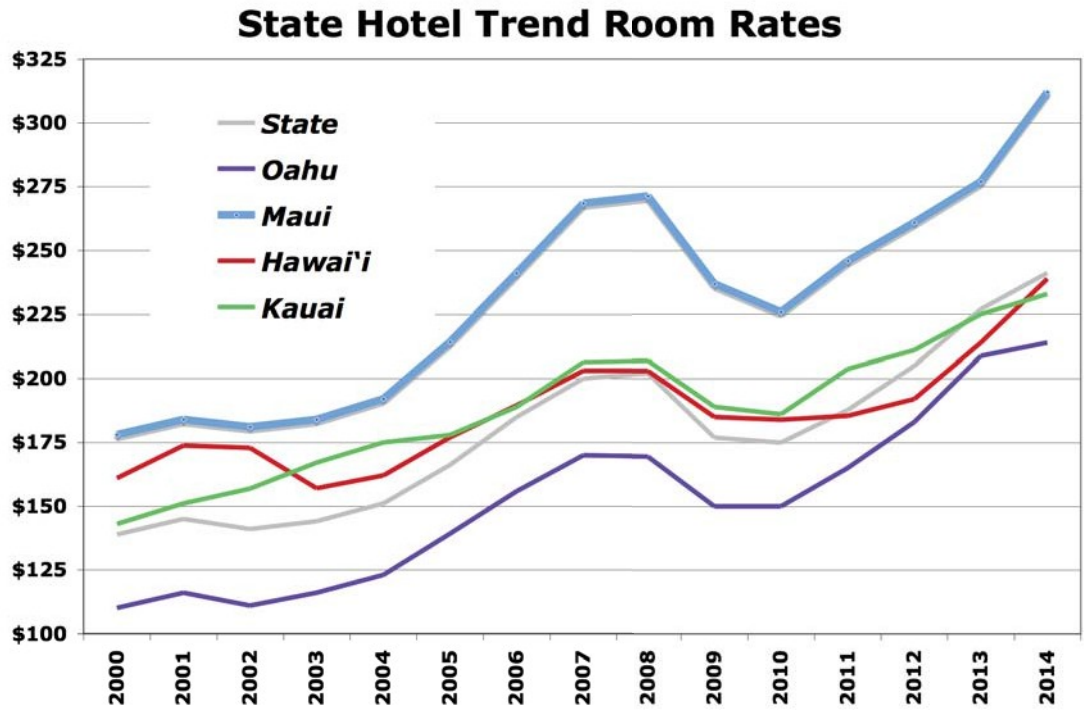

Figure IV-5. State Hotel Trend Room Rates

Per Hospitality Advisors LLC and Smith Travel Research, the visitor industry is well into a recovery that started in 2009-2010. Currently, it is into the stage where the rise in rates has begun to have a negative impact on occupancy. The question going forward is when this tips the industry into declining total revenues.

This balancing act will go on until there is a fundamental change in the macroeconomic health of Hawaii's major trading partners in this industry: the western part of North America, the large nations of Asia and the emerging economies of Asia.

The importance of the visitor industry to the real estate market of the State is that it is the driving force behind generating potential buyers and driving them to a developer's model complex. Thus, Hawaii's economy depends significantly on conditions in the U.S. economy and key international economies, such as Japan.

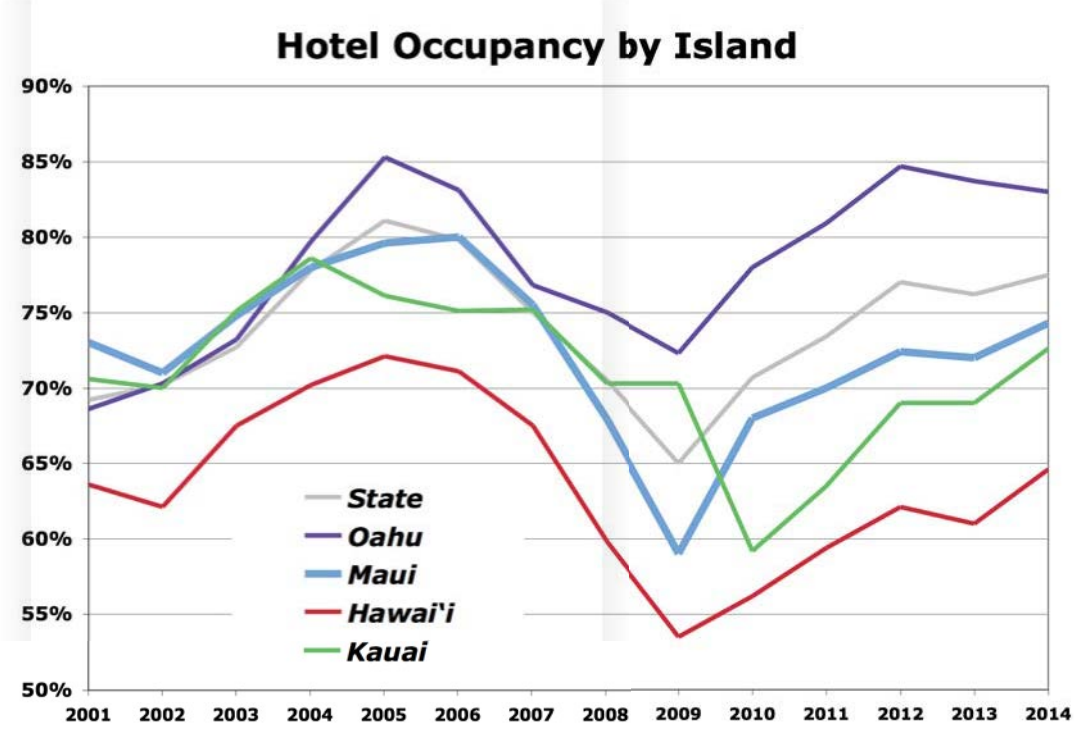

Figure IV-6. Hotel Occupancy by Island

The following chart shows the forecasts for this year and the next, according to the ECONOMIST Magazine's forecast group, UCLA Anderson School and DBEDT for Hawaii.

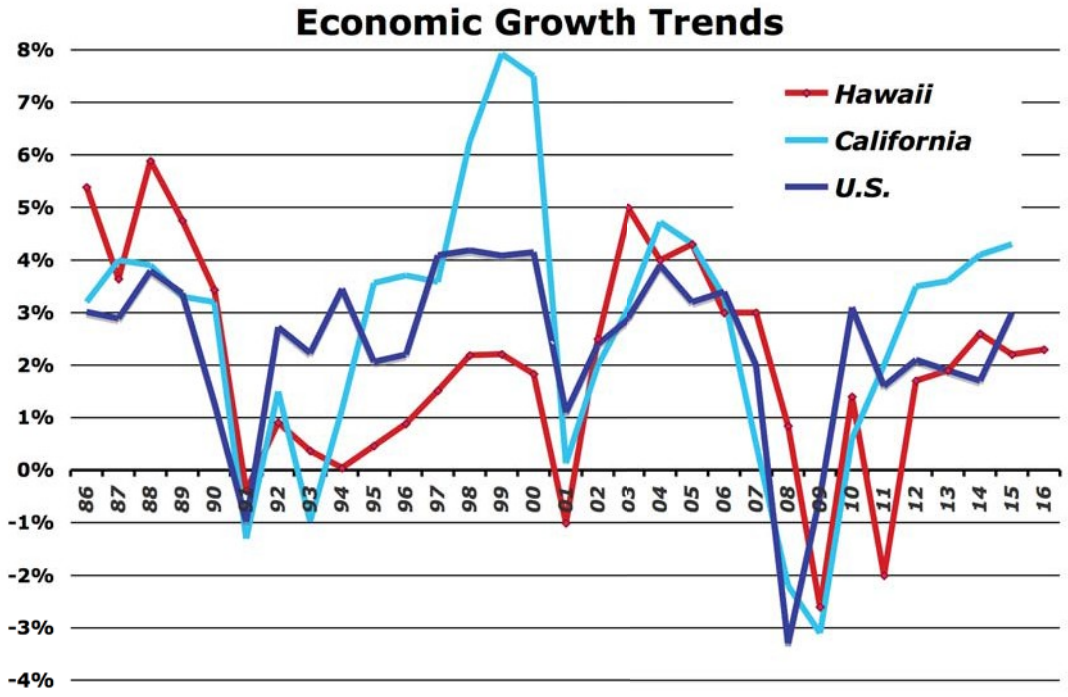

Figure IV-7. Economic Growth Trends

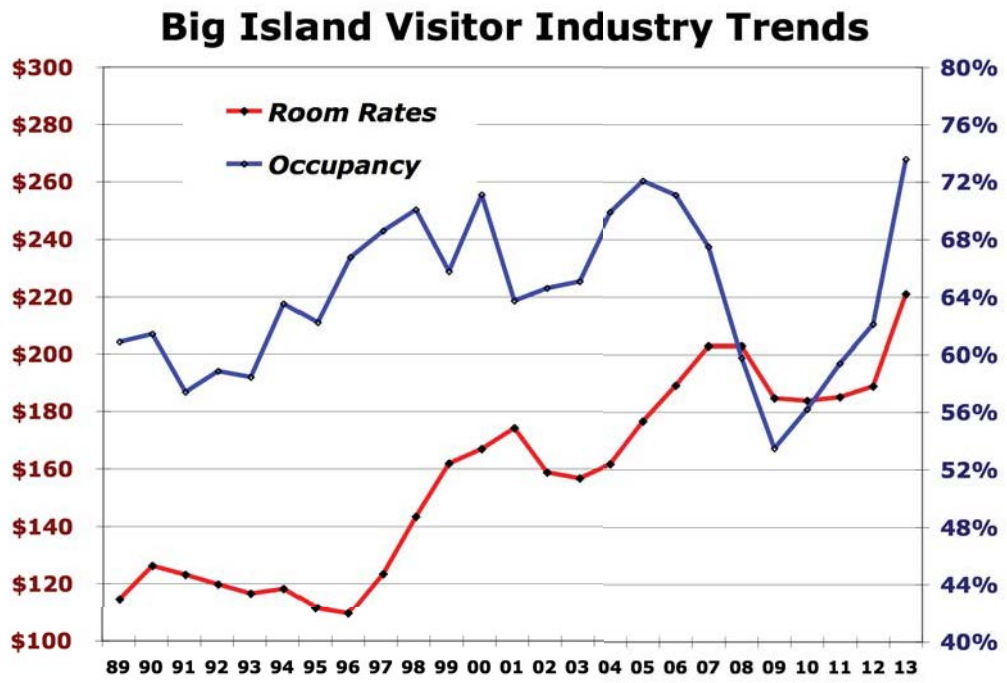

Figure IV-8. Big Island Visitor Industry Trends

E. HAWAII COUNTY (BIG ISLAND)

Current Conditions: To date, the county's major economic drivers - tourism, construction, and real estate - are all coming out of the recession. As seen in the chart above, the most important sector of the economy, tourism is enjoying record room rates and occupancies. As a result, job counts have stabilized, and unemployment is down significantly.

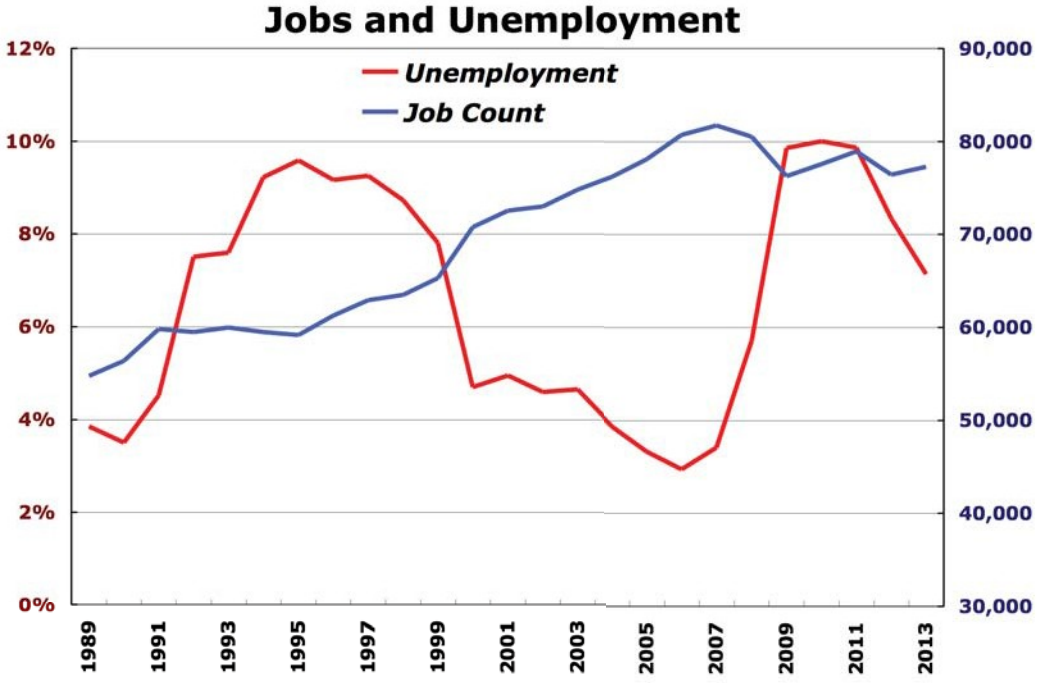

Figure IV-9. Jobs and Unemployment

Within the Big Island, there are big differences economically between the East and West sides:

1. The West Hawaii economy is highly concentrated on tourism, and thus is more volatile, while
2. East Hawaii is the political and social center of the island (with a large university and research facility) acts as an economic stabilizer, thanks to government spending.

That said, the Big Island economy depends critically on a rebound in Room Rates and Occupancy. This is having an effect on the job market, as seen below.

Figure IV-10. Workforce (Population) vs Job Growth

This charts shows that local jobs are growing faster than the workforce population. By saying that there are not enough local residents to fill the jobs being created, this predicts there will be in-migration, as offshore workers mobilize themselves to come to work in the county.

Overall, labor conditions are improving, which is rebalancing the ratio between jobs and population. Indeed, as the economic recovery continues, and the number of workers in the area increases, the real estate market will enjoy higher activity.

As seen in the chart below, the residential market is in the process of moving higher, led by the coming substantial job growth. The chart below shows that closings and jobs move in tandem, with closings being the more volatile of the two.

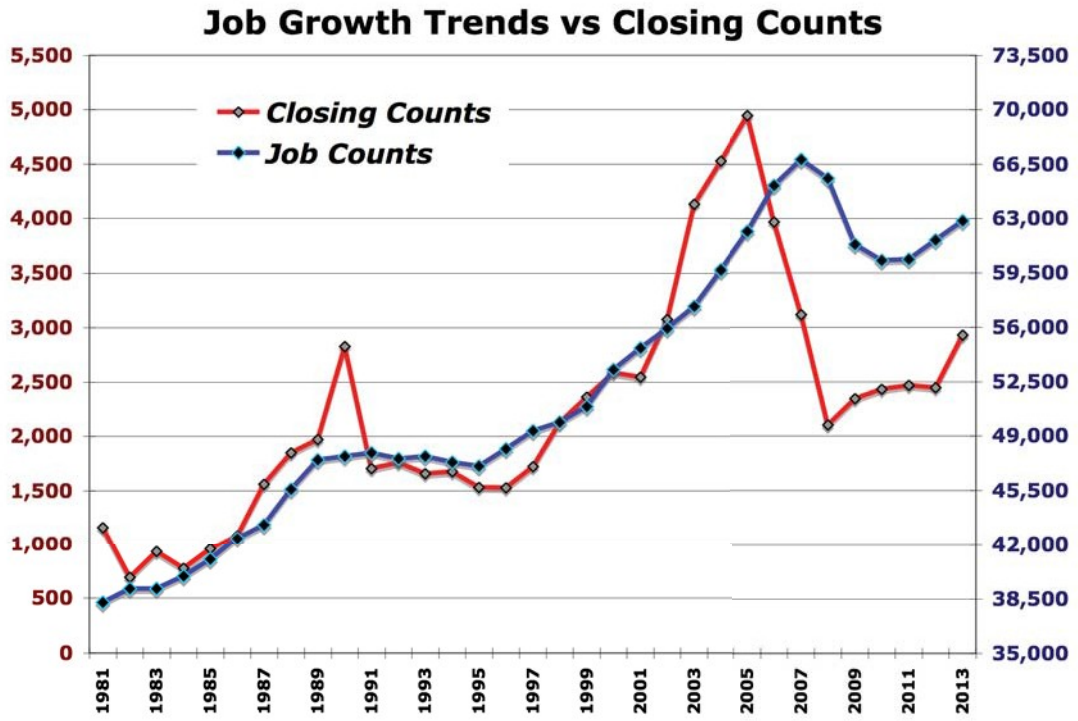

Figure IV-11. Job Growth Trends vs Closing Counts

Besides construction, science, agriculture and manufacturing play an important role in the economy. For instance, the direct and indirect economic impact of the Natural Energy Lab at Keahole Point contributed $88 million statewide in 2010, much higher than previously believed, with 32 tenants, one being the main producer of one of the state's major exports – desalinated bottled water

Several public sector and commercial projects are underway, including the UH campus in West Hawaii, West Hawaii Community Health Center's planned medical center in North Kona, Kaiser Permanente's proposed health center at Honokohau and the long anticipated redevelopment of Kona Village, wiped out by the Japanese tsunami. Finally, construction on the $1.3 billion Thirty Meter Telescope, the most advanced telescope in the world, is expected to start in April 2014.

Clearly, real estate development and construction is a large part of the economy, particularly the west side. Long term, in terms of the supply side, there remain constraints on getting zoning and entitled land. This is acting to support prices, due to a chronic scarcity of zoned land. This condition supports cyclical activity and volatile pricing. As seen in the next section, prices of residential property trend significantly higher in the long run.

In sum, the economic recovery by itself would make the supply of for-sale and rental housing more scarce (thus pushing the cost of housing, both rental and for-sale, higher). On top of that, the aforementioned infrastructure and capital improvement projects will attract workers from outside the county, displacing currently housed local residents and causing even greater demand for housing.

V. STATE HOUSING MARKET

It is important to understand that the market for residential property in the state of Hawaii is and has been constrained in terms of supply, and flexible and deep in terms of demand. The net result is that the sales activity and the values of housing in this market are often volatile, especially in an up market, but not as much in a down market.

Of note is how values (prices) are relatively free and uninhibited when the market is on the way upward – but that they are 'sticky' on the way downward (generally, prices do not give up the whole of their appreciation, but instead they 'hold' on to accumulated values).

Currently, Hawaii's residential markets are in the consolidation phase of the down-cycle, having gone through 5-6 years of dramatically lower sales and falling prices. The chart below shows total residential sales (combining resales and newly built units, as well as detached and attached housing) statewide, as well as an aggregate price index.

It confirms the cyclicality of the market, particularly the compressed price appreciation. A feature of the current market, not seen in times past, is the price deceleration (please note the 2014 data point is a personal projection, using data through October 2014, showing continued price appreciation and rising activity)

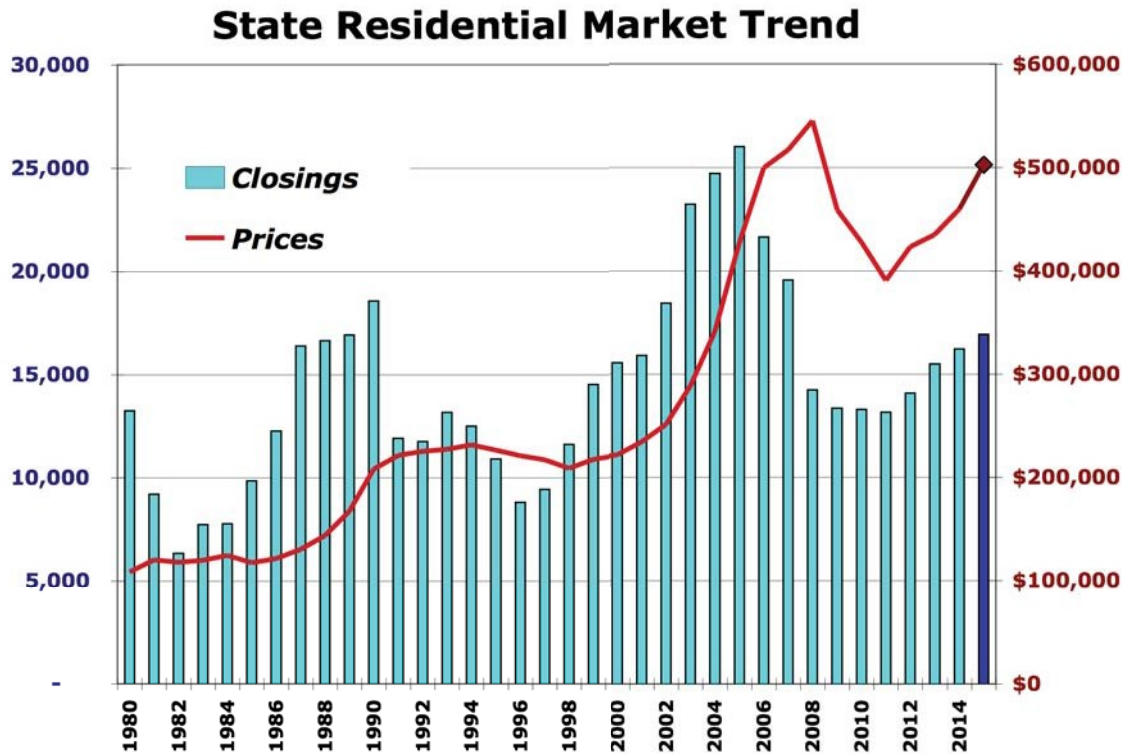

Figure V-1. State Residential Market Trend

The charts and tables in this section are dawn from proprietory data, compiled from MLS, TMK and developer sources. They take the above 30 years of data from 1980-2010 and summarize the swings in the market sales activity and sales prices. This data includes new and resale housing sales and prices, drawn from each of the county's Board of Realtor's Multiple Listing Service database and the Bureau of Conveyance's data on closings. The pricing data is also from

the same source, and is used to construct various pricing indexes by combining that data (i.e., state, county, product type, resale vs. developer new unit, etc.).

Table V-1. TOTAL SALES ACTIVITY CYCLES, TERM AND CHANGES STATEWIDE

Period	Term	Start Sales	Finish Sales	Change, Unit Sales	Change, %ages
1982-1990	8	6,341	18,557	12,216	193%
1990-1996	6	18,557	8,801	-9,756	-53%
1996-2005	9	8,801	26,005	17,204	195%
2005-2011	6	26,005	13,235	-12,770	-49%
2011-2014	4	13,235	16,235	3,000	23%

It shows that the up cycle, 1982-1990, lasted 8 years, and saw an increase in 12,216 sales, or a change of 193%. It then saw a down cycle, lasting 6 years, losing almost 9,800 sales, or a falloff of 53%.

Generally speaking, the up cycles last 2-5 years run longer than the down cycles, and show 3-4 times more change (in this case, the growth cycle 1996-2005 of 195% is three times greater than the -49% deceleration in the following down cycle, 2005-2011).

Turning from sales activity to the price index changes, the following table analyzes the price cycle over the last 30 years. It shows that price wise the first up cycle was 1985-1994, lasted 9 years, and saw the index for prices grow 97%. Following that, the down cycle saw prices retrench -9.9% over 4 years.

Table V-2. TOTAL PRICE CYCLES, TERM AND CHANGES STATEWIDE

Period	Term	Start Price	Finish Price	Change $	Change %
1985-1994	9	$117,800	$231,966	$114,166	97%
1994-1998	4	$231,966	$209,027	-$22,939	-9.9%
1998-2008	10	$209,027	$545,254	$336,227	161%
2008-2011	3	$545,254	$389,089	-$156,165	-29%
2011-2014	3	$389,089	$459,000	$69,089	18%

Then, the time it takes for pricing to go from trough to peak is longer than the time it takes to do the reverse, to go from peak to trough. As seen in the table, it takes 9+ years for the total move to happen on the upside, as opposed to 3-4 years going downwards.

Next, we look at total sales of all (single family and multifamily, newly built and resale) residential property in the state. Last year, 2013, there were 14,103 units sold (both SF & MF, and Resales & Newly Built). Of this, 10% were newly built, or 1,468 units) and the remainder were resales.

For the new homes segment, this was one of the lowest shares of market ever, as seen in the next chart.

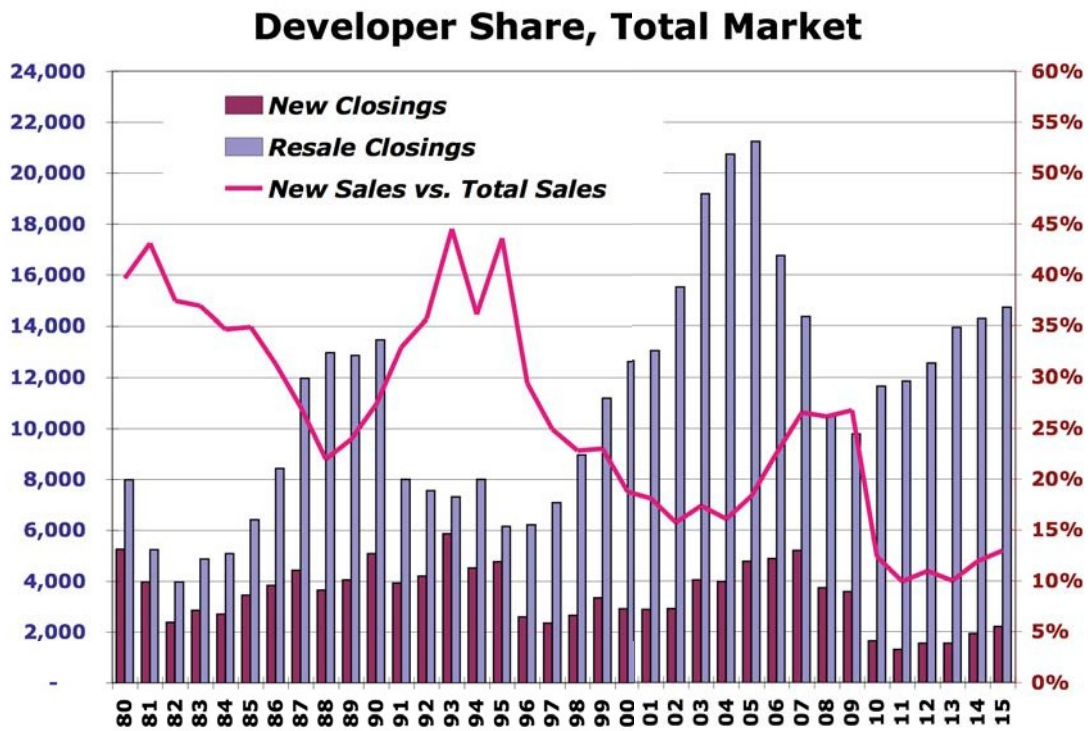

Figure V-2. Developer Share, Total Market

Finally, we break the state markets into their respective island (separate counties), and see how their sales and price trends compare to the overall state ones.

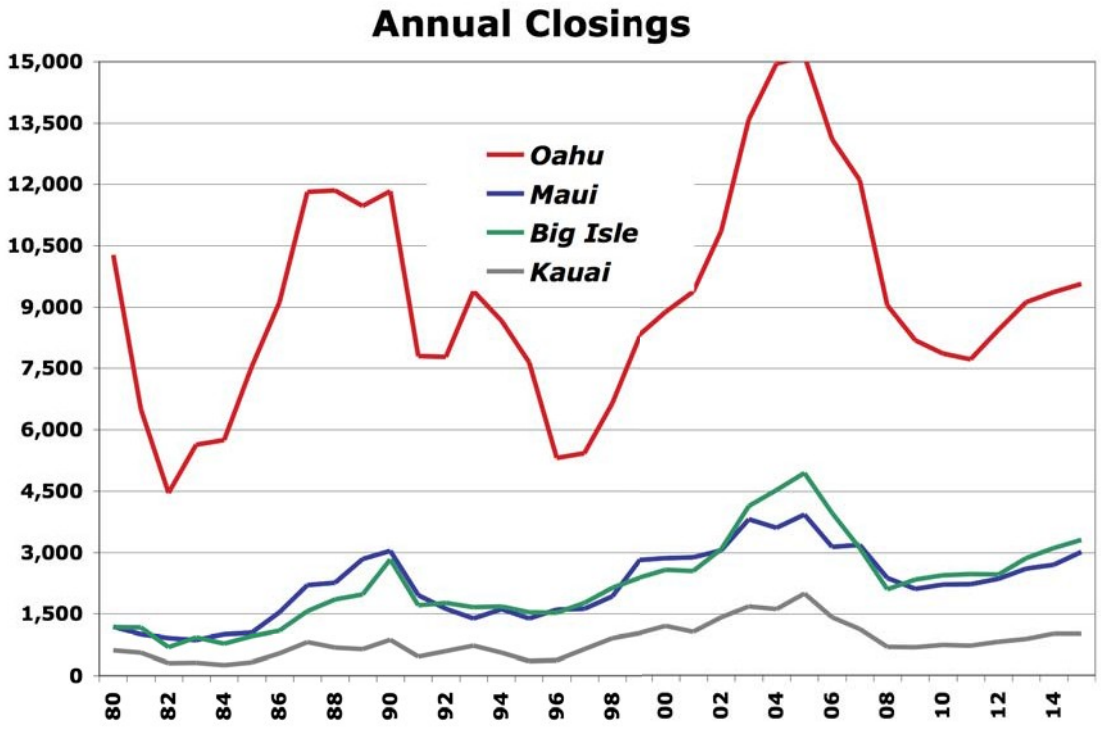

Figure V-3. Annual Closings

As seen, Oahu is the state's major market, with Maui and the Big Island tied for second.

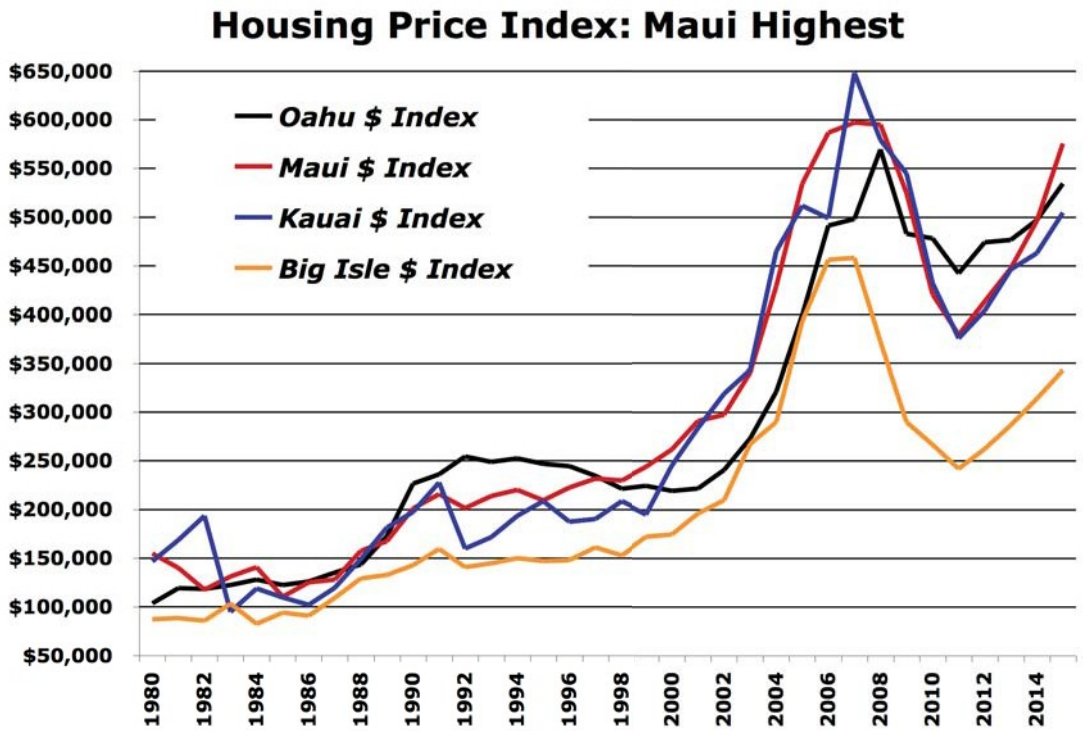

Figure V-4. Housing Price Index: Maui Highest

Per prices, Maui was the most expensive market statewide, but Oahu came in higher in 2011, Maui has the highest volatilities and Oahu is the least volatile island this cycle, but the most in the last one. This is because the 'hot' money chasing the high end in the last cycle was Japanese, focused on Oahu's south shore. This time, it was West Coast money focused on the neighbor islands.

VI. HAWAII COUNTY HOUSING MARKET

Figure VI-1. Total Market Closings & Price Index

Currently, Big Island County's residential market shows both higher sales activity, and rising prices. Both these trends overtime lead to a tighter housing market. The remedy for that is increasing the supply, which will drive prices back down.

At the moment, however, new housing production (developer built new homes) is at an all-time low, as seen in the developer's share of total market (new sales as a percentage of total residential sales) chart below.

In the future, we expect that housing market trends will push prices higher, which itself increases the demand for rental housing, as workers are priced out of home ownership.

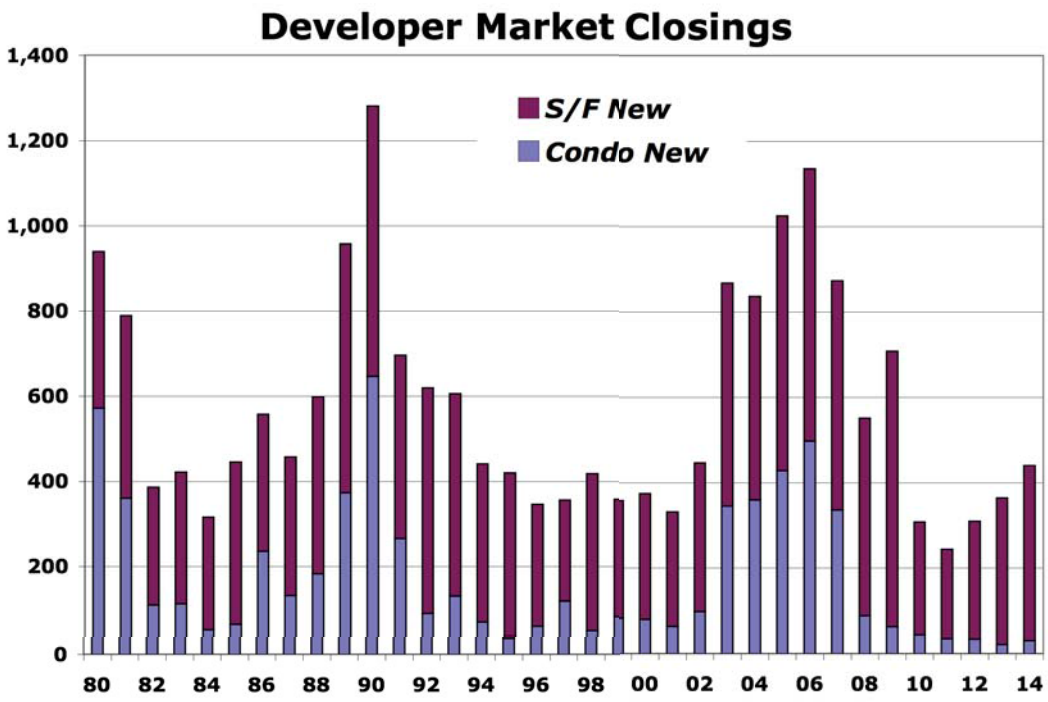

Figure VI-2. Developer Market Closings

Again, the remedy would be higher supply of worker housing, but the developer market is expected to be concentrated on higher-margin housing products, mainly on the single-family market, as it has the most exposure to higher end and offshore homebuyer demand. As a result, single-family prices have been rising, of late.

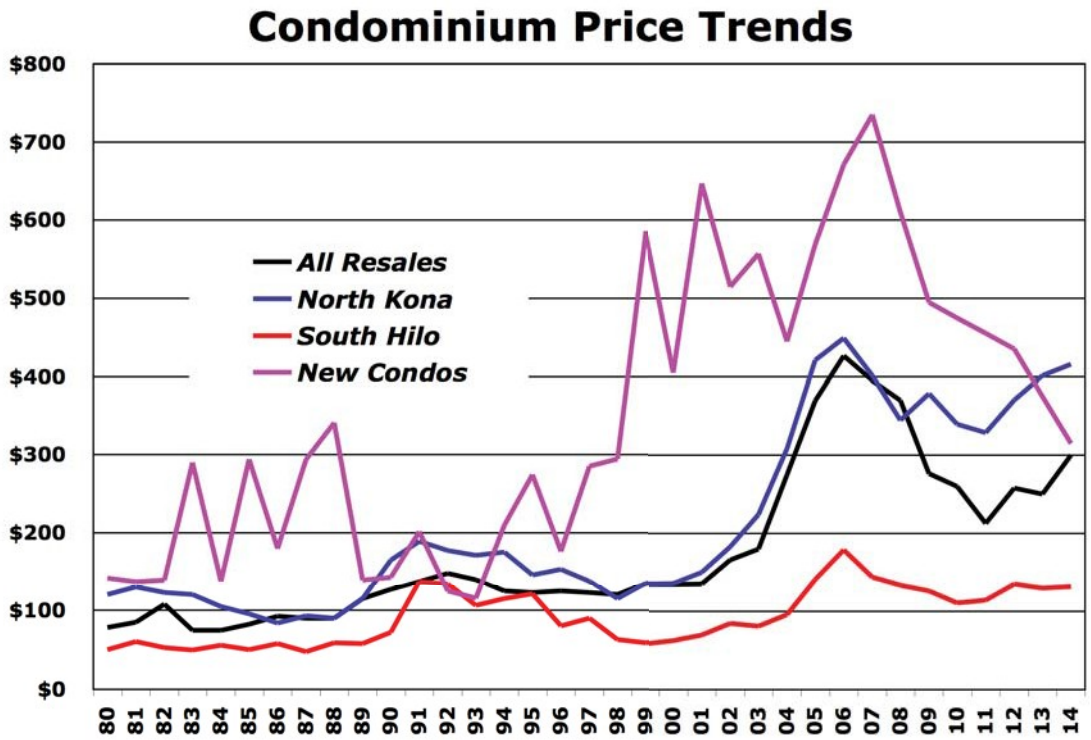

Figure VI-3. Condominium Price Trends

This trend for single-family prices rising has also being happening in the Big Island condo market. As seen, most condo prices are rising, save for South Hilo (no demand, low level of jobs) and new condos (developer housing) (which is slow to respond to an improving market – it takes about 4-7 years to move raw land from non-residentail to residental zoning).

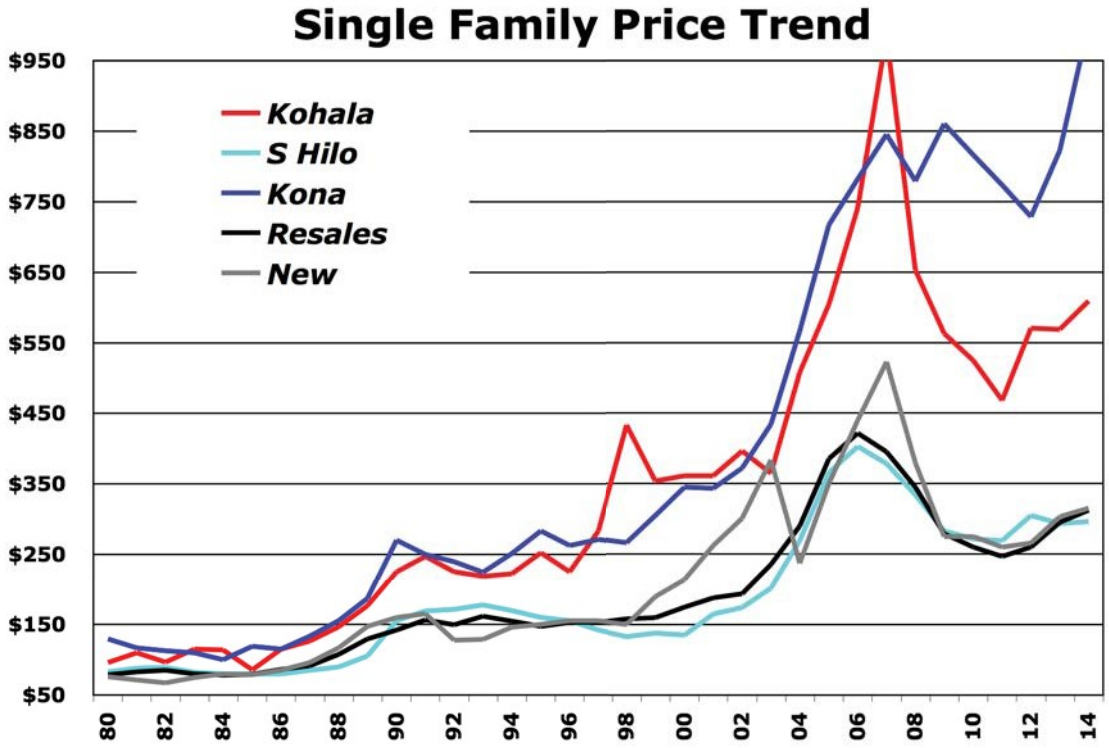

Figure VI-4. Single Family Price Trend

Per usual in Hawaii, there will be a lag between the time when housing demand picks up, and thus pushes prices higher, and the time when housing supply, thanks to developers, responds.

VII. FUTURE HOUSING SUPPLY – HAWAII COUNTY

A. PERMITS

The easiest way to look ahead to where the housing market is going in the short-term is by examining the activity in permits (where developers apply for permission, and pay their fees, for building residential units. A high level of activity indicates more supply, which means that more demand will be met, and the potential for prices adjusting downwards. Obviously, a low level of permits indicates less supply of housing (and potentially higher prices). In addition, low levels of per unit value indicate that the units being built are for the lower end of the market (and vice versa).

Big Island permitting activity is at a historically low level. As seen, it has fallen off in every year since 2005, save for 2010.

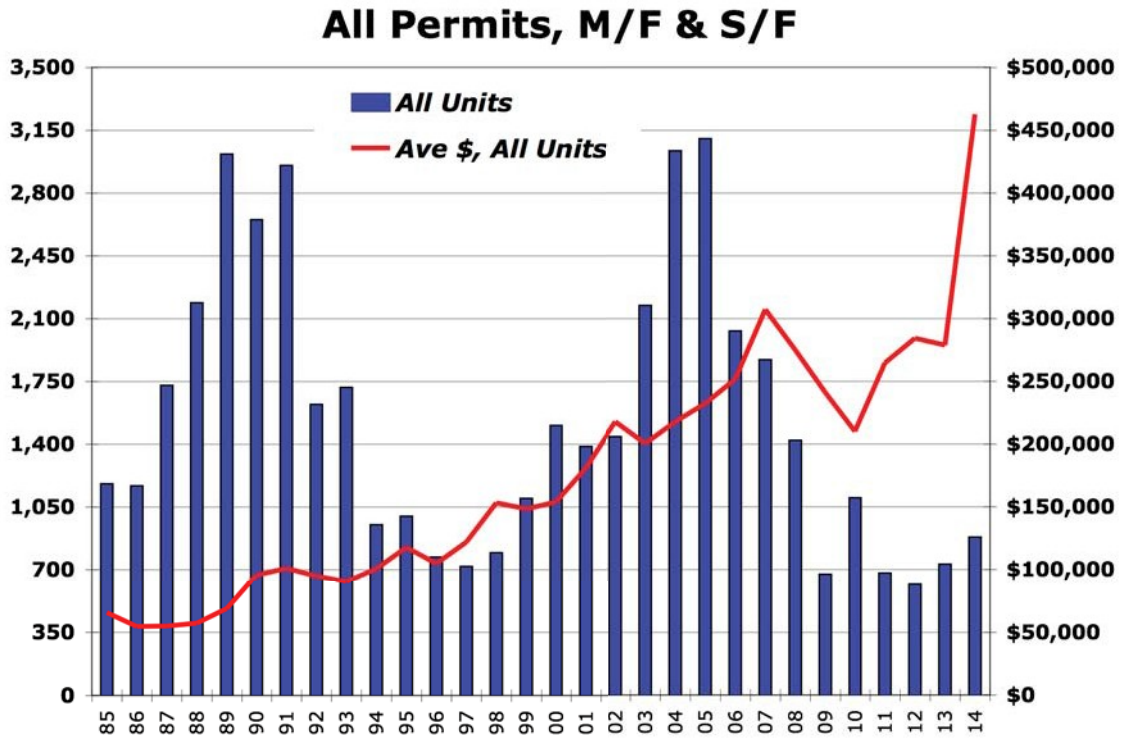

Figure VII-1. All Permits, M/F & S/F

The import of this is that the condition of low supply of housing will be a feature of the market for at least another 2-3 years. It will be during this time period that housing prices (including rental rates) will rise (thanks to this imbalance between low supply and high demand).

The next chart isolates the single family and the condo permits.

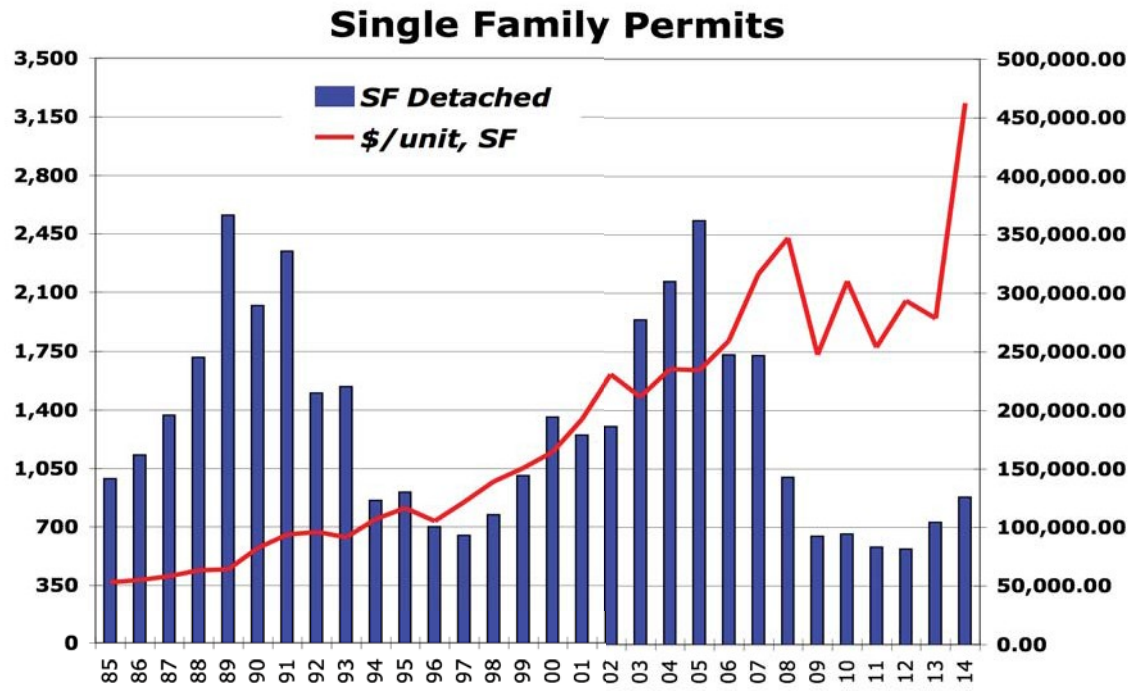

Figure VII-2. Single Family Permits

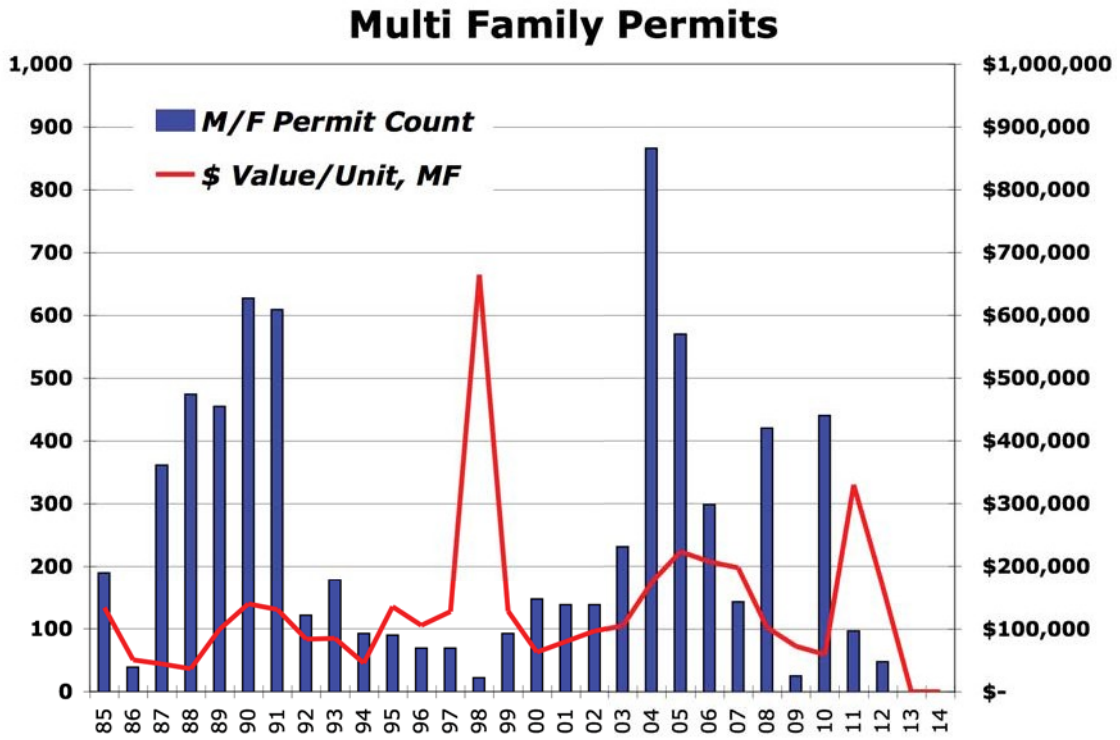

Figure VII-3. Multi Family Permits

As seen, condo permitting activity is at a very low level, exacerbating tightening market conditions. Further, we note that the average value per permit pulled is quite high, indicating that these units in the pipeline for future delivery are not ones that will be priced for local residents.

VIII. HOUSING DEMAND – HAWAII COUNTY

The prime determinant of housing demand, new and resale, is household formation, itself a function of the economy (its growth, or lack thereof) and then demographic trends.

In the short term, residential housing demand is driven by economics – specifically of job creation/income growth, as well as interest rate trends. In the long term, housing demand is driven by population growth, demographic changes, personal asset growth and lifestyle attitudes (indeed, faster population growth means higher land and housing values).

That said, it bears repeating that the determination here of potential housing demand differs widely from actual demand, manifested by new housing production and sales. This is because the metrics of this – job creation and population growth – are far less volatile than housing production, which often is determined by changing interest rates, floating costs of inputs, etc.

Indeed, it is for this reason that those in the housing industry experience a high level of uncertainty, or worse, when making housing demand forecasts (become increasingly so the further out in time they project, with two years being a generally accepted time horizon for such).

A. JOB CREATION

Second to none, housing demand is driven by the creation of jobs – new jobs provide new incomes to buy new and resale homes. And new jobs drive in-migration, which is a prime source of housing demand (sometimes linked to population growth).

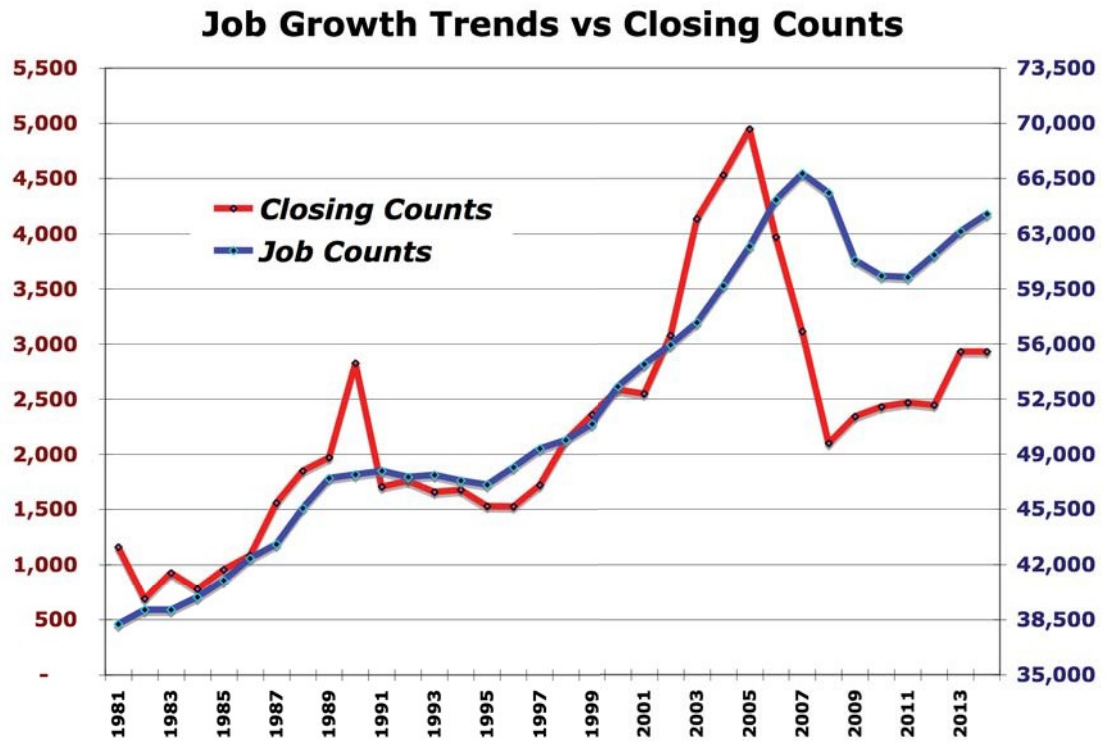

Figure VIII-1. Job Growth Trends vs Closing Counts

Note that, as seen below, faster population growth means higher land and housing values).

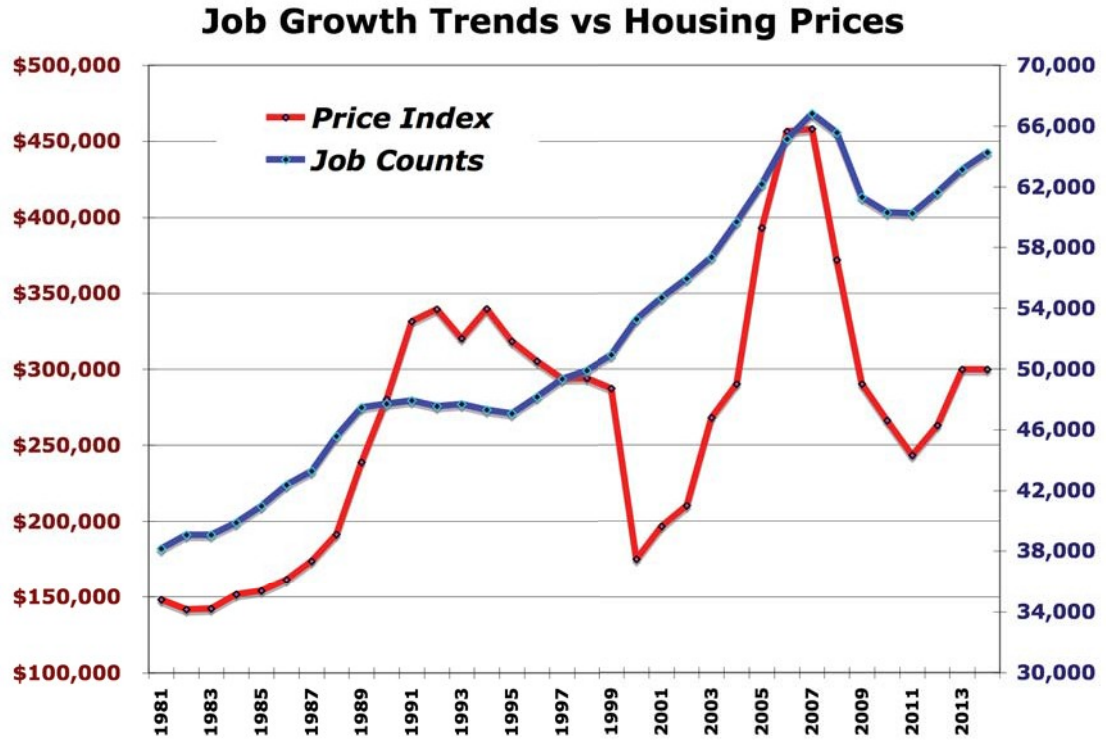

Figure VIII-2. Job Growth Trends vs Housing Prices

That said, it bears repeating that the determination here of potential housing demand differs widely from actual demand, manifested by new housing production and sales. This is because the metrics of this – job creation and population growth – are far less volatile than housing production, which often is determined by changing interest rates, floating costs of inputs, etc. Indeed, it is for this reason that those in the housing industry are experience a high level of uncertainty, or worse, when making housing demand forecasts (become increasingly so the further out in time they project, with two years being a generally accepted time horizon for such).

B. POPULATION GROWTH TO HOUSING DEMAND

The following tables show population growth per annum, starting in 2000 and ending in 2013, the last year we have population data for. This time frame roughly encompasses an entire real estate cycle, as 2000 was a few years into the upswing of the 1998-2006 market, as 2013 is a few years past the bottom of this market, 2010-2011.

The population change per annum is changed into a household change per annum by factoring it by the average number of people in a household, as determined by the US Census. This then is new households in the market, and equates to housing need.

It is then compared to the number of homes available to them that were produced that year. If there were more homes produced than households were formed (an assumption), then there would be a surplus of supply (homes) over demand (population growth), and vice versa.

A note here: the number of homes shown as produced are actual new homes created, as defined in the tax assessor's data base as 'Year Built.' However, not all those new homes were available to them, particularly those at the lower income levels. As seen in this report, a preponderance of new homes are produced for households making a higher incomes, as they are a more profitable and less risky market segment.

Therefore, total housing production is reduced by a factor that reflects whether these new homes were available to local families or not. This factor is related to the percentage of housing stock in the county that is owner-occupied (i.e., whether they were sold to households that occupy the dwelling unit, or to those who do not, meaning second home owners and investors). When the entire stock of housing of condominiums and single-family homes in the county was considered, 37% of condominiums and 28% single-family homes were not owner-occupants. In addition, when just considering the housing produced during this period, 2000-2012, the non-owner percentages rose to 82% of condominiums and 35% of single-family homes.

Given that, we determined the factor should be set at a level that was less than half the percentage of non-owners. This was because some of these non-owner units would be rented out by their owner-investors, and thus they would be available as rental units. We deemed this to be conservative, as it is our experience that most newly created housing is not absorbed by investors, save at the higher price ranges.

Next, housing production was compared to households created (which can be called Housing Need), and the difference was calculated per annum, "Need vs. Production." Then, the table takes this surplus or deficit of housing need, and then calculates it overtime, cumulatively (Cumulative Need).

Table VIII-1. POPULATION GROWTH TO HOUSING DEMAND, 2001 to 2013

	Population	Annual Change	Persons Per Household	Households Created	Housing Production	Need vs. Production	Cumulative Need
2000	149,244		2.75		764		
2001	151,690	2,446	2.74	891	798	(93)	(93)
2002	154,576	2,886	2.74	1,053	789	(264)	(357)
2003	158,442	3,866	2.73	1,414	1,046	(368)	(725)
2004	162,852	4,410	2.73	1,616	1,402	(214)	(939)
2005	168,237	5,385	2.72	1,977	1,795	(182)	(1,121)
2006	173,536	5,299	2.72	1,949	1,679	(270)	(1,391)
2007	177,733	4,197	2.71	1,547	1,768	221	(1,169)
2008	181,506	3,773	2.71	1,393	1,197	(196)	(1,366)
2009	183,629	2,123	2.70	785	750	(36)	(1,401)
2010	185,307	1,678	2.70	621	464	(158)	(1,559)
2011	186,886	1,579	2.70	585	338	(247)	(1,807)
2012	188,575	1,689	2.69	627	198	(429)	(2,236)
2013	190,821	2,246	2.69	835	503	(332)	(2,568)

Under these assumptions, the model indicates that every year in this time period, save for one,, there was greater household growth than housing production, or an imbalance favoring higher prices (and thus higher rental rates). Further, this imbalance, or unmet housing need, gets carried forward to the next year, and added to the next year's differential. As seen, the potential for unmeet housing need, just over the last 12 years, is 2,568 units.

Next, we look into the future. The following tables describe DBEDT's predictions for population for the county, and derive from that a general expectation for housing demand over the next five years (in other words, we will translate it into housing demand). Note that the model used here is the seventh in a series of long-range projections dating back to the first report published in 1978.

Like the data used to determine the number of households by income and age in the rental housing demand study, this one uses the detailed population characteristics from the 2010 Decennial Census. This DBEDT study also uses the 2010 estimates of economic variables, and input-output (I-O) tables based on the 2007 Economic Census as baseline data for the projection.

The writers of this study note that: "these projections are neither targets nor goals. They are DBEDT's best estimates of likely trends in important population and economic variables based on currently available information. The accuracy of these projections depends on the degree to which historical trends provide guides to the future, changing external conditions, infrastructure capacity, and other supply constraints which have not been incorporated into the model."

Thus, as this projection of the census and economic data goes way out into the future, it is more susceptible to inaccuracies, relative to what finally transpires. That said, it is useful for setting expectations and planning for those contingencies.

Our analysis of this market begins with the population growth 2010-2020, using data from the US Census. Again, we took the change in the population, and then used that to derive housing demand. In this, we averaged the size of household over this ten-year time period, and it came out to 2.70 people per household on average.

Table VIII-2. HOUSING NEED, PER DBEDT 2040 POPULATION PROJECTIONS

	2000	2010	2020
Resident population	149,244	185,307	220,900
Pop Growth		36,063	35,593
Household size (US Census)		2.75	2.70
Housing Need		13,114	13,183
Housing Need, p.a.		1,311	1,318

We again compared household growth based on the DBEDT 2040 population projections to housing production, the growth of housing supply, over the 2000-2013 period. This measure of total homes supplied (from the Table VII-1) was 12,725 units, or 979 units per annum (13 years).

Thus, comparing future household growth to past housing production available to owner occupants, this exercise shows a deficit of 339 units per annum - housing production over housing need: 979 -1,318=(339), a deficit of homes relative to housing need.

C. ESTIMATED HOUSING NEED

Accounting for past and future, this model thus shows that almost 13,200 dwelling units will be needed in the county to accommodate future projected household housing need. To date, 1,039 units have been built 2010-2013 capable of meeting this need, leaving more than 12,144 more units that are outstanding, needed to be built by 2020 in order to meet the household need.

Additional to this future need, there remains the past need of the 2,568 dwellings that accumulated as unmet housing need from 2000. Combined, this shows a past and future deficit of 14,712 dwellings for the local population.

Returning to the demographics of the county, we took the distribution of the renter households by their income, and translated the unmet into unit counts. This was done by both the backlog, and the coming need 2010-2020. The following table shows this:

Table VIII-3. PAST & FUTURE HOUSING NEED, PER AMI, ALL RENTERS

AMI	Backlog 2000-2013	Upcoming: 2013-2020	Cumulative Count
30%	215	958	1,173
50%	167	742	909
60%	67	300	367
80%	94	419	513
100%	81	359	439
120%	71	317	388
140%	45	201	246
Totals	740	3,295	4,035

Table VIII-4. PAST & FUTURE HOUSING NEED, PER AMI, SENIORS 55+

AMI	Backlog 2000-2013	Upcoming: 2013-2020	Cumulative Count
30%	86	382	468
50%	56	249	304
60%	20	91	111
80%	34	151	185
100%	28	124	151
120%	22	100	122
140%	15	66	80
Totals	261	1,162	1,422

Table VIII-5. PAST & FUTURE HOUSING NEED, PER AMI, SENIORS 65+

AMI	Backlog 2000-2013	Upcoming: 2013-2020	Cumulative Count
30%	47	211	259
50%	35	156	191
60%	11	47	58
80%	18	81	99
100%	13	59	72
120%	9	38	47
140%	4	18	23
Totals	137	610	747

IX. THE COUNTY OF HAWAII'S RENTAL MARKET

Condominium living has been an important part of the county's housing market since the late 1960's. With developable land limited and construction costs expensive, multi-family units have been the most efficient way to provide affordable housing, both owning and renting, for a significant percentage of the island's residents.

Those renting included households who are newly formed (such as moving out of their parent's homes to be on their own), established households that are downsizing (such as retired persons, those whose children have 'left the nest'), and others who do not have the desire or the financial ability to purchase real estate: all of them rely on the supply of available rental units for their housing needs. This applies, even more so, to those who are living on a fixed income – for them, apartment living offers security, convenience, community and (hopefully) affordability.

Over the latter part of the 1990's, the county enjoyed strong growth in the demand for vacation rentals, thanks to the high quality of life in the state and the attractiveness of lifestyle on the island, there are a large number of rental units targeting visitors only. This market is characterized by high rental rates and quick turnover. That caused many of the island's multifamily unit owners to consider catering to this demand, which brought with it higher rents. This went for both individual owners of rental units, as well as corporate or institutional owners of rental projects. Of note is the condo conversion of large rental properties, as described in the statewide condo conversion chart (data from State Department of Commerce and Consumer Affairs, Professional and Vocational Licensing).

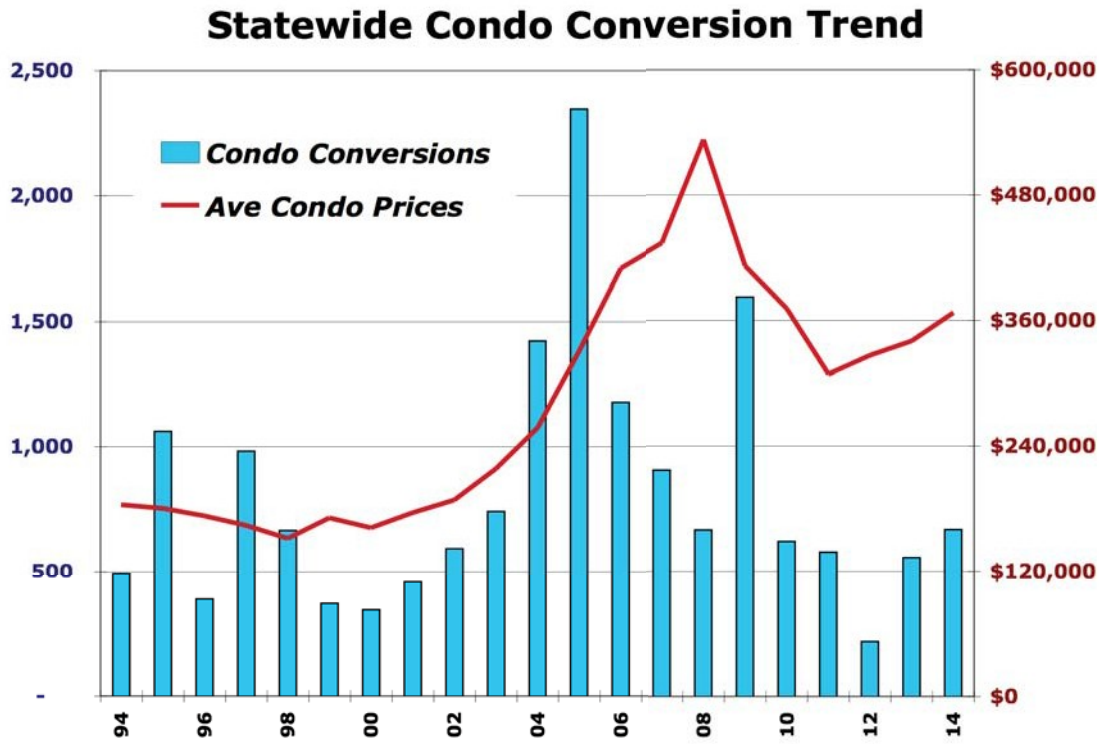

Figure IX-1. Statewide Condo Conversion Trend

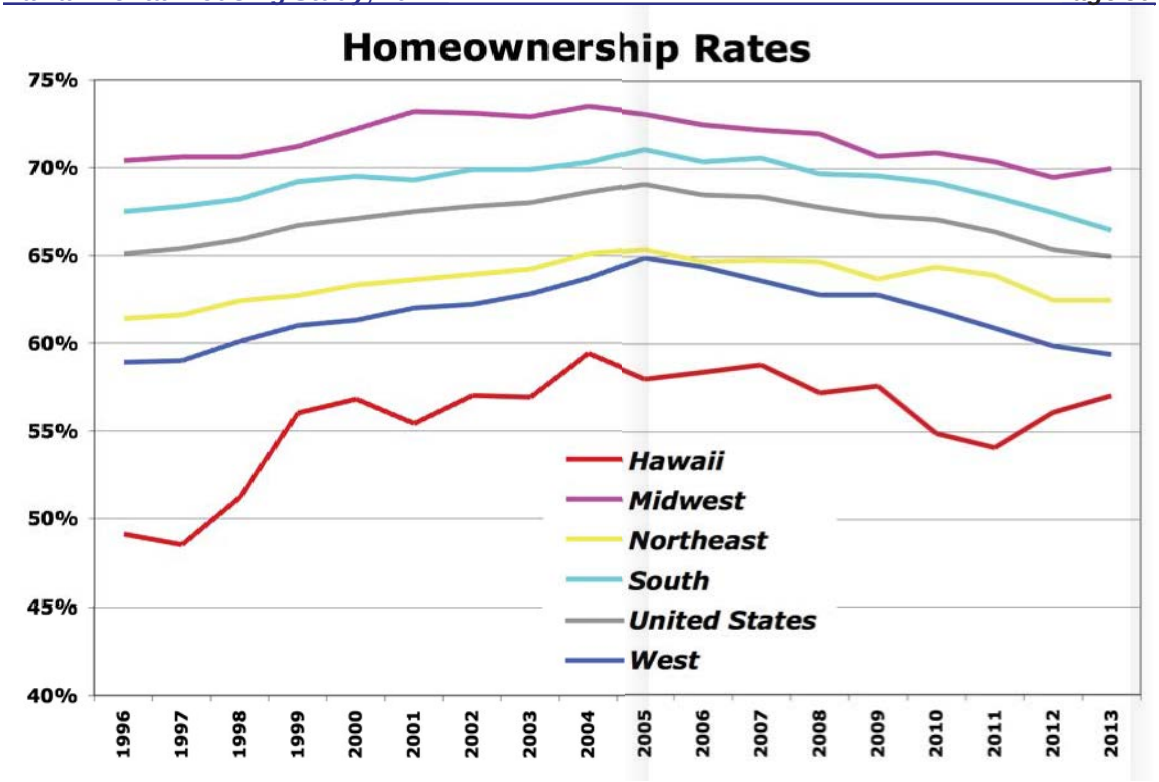

Figure IX-2. Homeownership Rates

This is a legacy that carries down today, with Hawaii having a low rate of homeownership (relative to the rest of the nation), per the charts (US Census) here. It also had the one of the lowest homeowner vacancy rates, and renter vacancy rates.

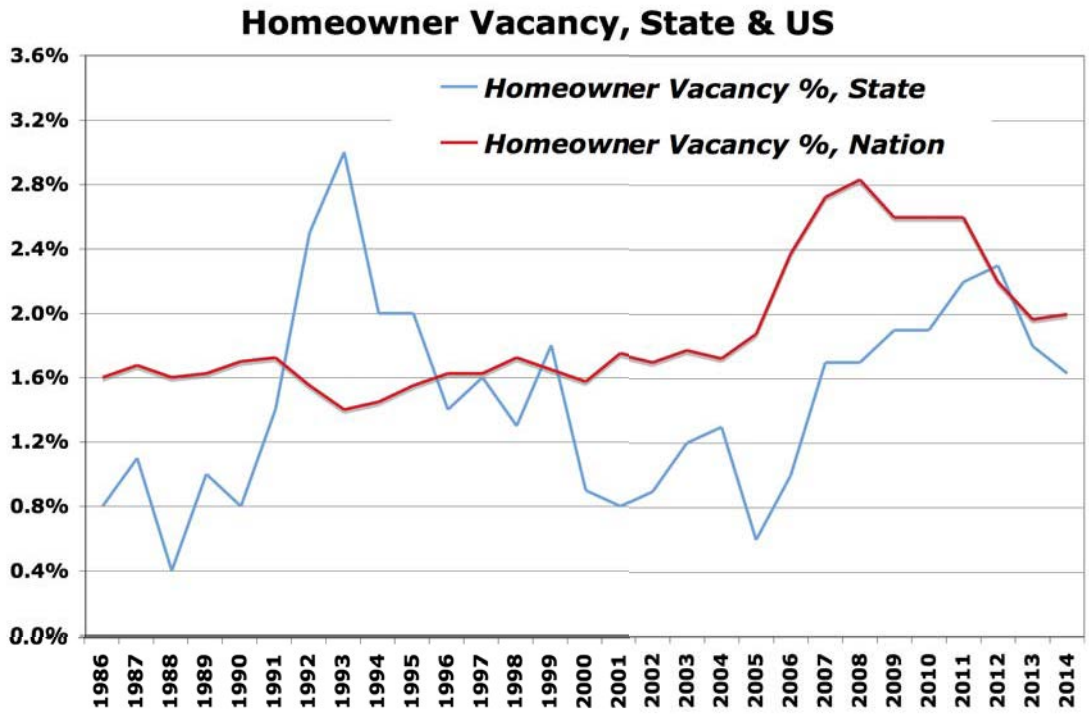

Figure IX-3. Homeowner Vacancy, State & US

All of this speaks to the desirability of living in a dwelling in Hawaii, and – by extension – the difficulty of finding affordable housing, rental or otherwise for local households, particularly those making 100% and below the median income for the area.

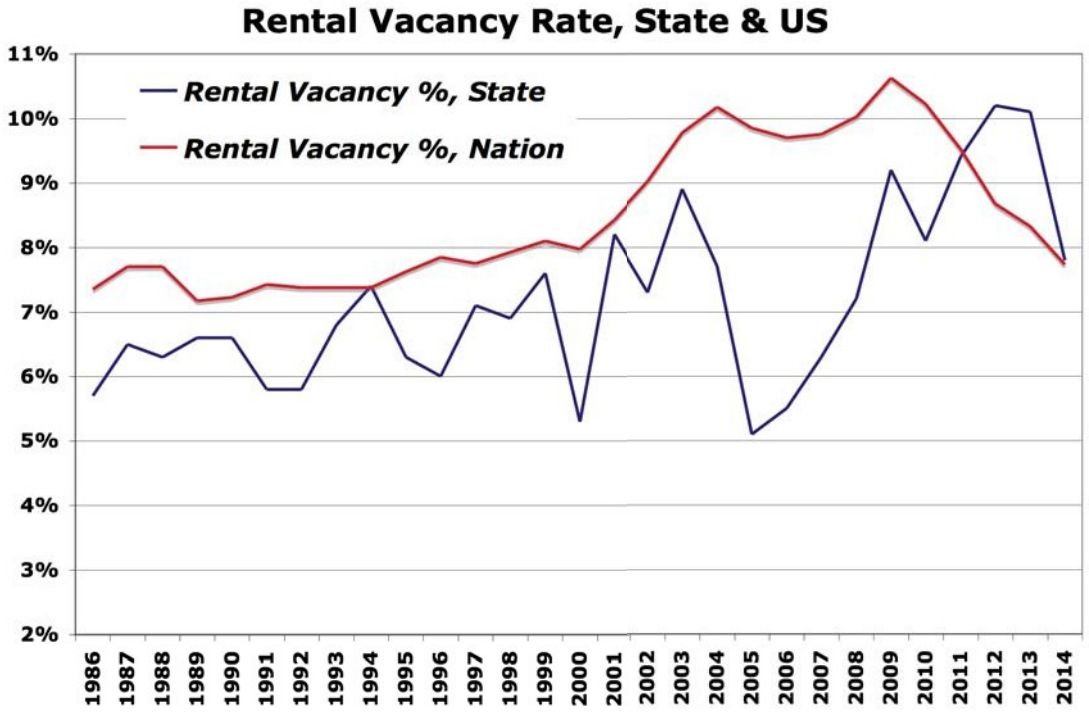

Figure IX-4. Rental Vacancy Rate, State & US

Turning to an examination of the actual rental rates being charged in the market (other than the rental market survey, in the next section), there are a few government resources to draw upon.

The best known one is called “Fair Market Rents” (FMR) and comes from the US Housing and Urban Development department, HUD. Every year, HUD analyzes the rental markets across the country, and then publishes a set of gross rent estimates for an area. They include the shelter rent plus the cost of all tenant-paid utilities, minus conveniences, like telephone and Internet.

HUD does so by using (to quote them) “the most accurate and current data available” – per (http://www.huduser.org/datasets/fmr.html) - and this data includes the 2010 US Census data, the last American Community Survey (ACS) data, and telephone surveys of eligible recent rental unit movers.

These rents then become the basis for how much program administrators will subsidize housing units, and the maximum incomes that tenants may not exceed in order to qualify for subsidized housing) on an annual basis.

As seen, the HUD defined rents for the county declined in 2011-2013, having peaked in the 2009-2011 period. This appears to be an anomaly, inasmuch as these years were those where the economy and the residential real estate cycle reviving, both for prices and closings in the for-sale market. Generally speaking, the for-sale and the rental markets are very similar, with one trend closely tracking the other.

One possible explanation for this here, and repeating later, that two of these data sources – ACS and Census - are static, done every few years.

The other one, telephone surveys of people moving in and out of units done randomly, are not very reliable, especially in non-urban areas, non-English speaking areas, and areas where there is a high turnover in rental units, such as vacation destinations.

All of these are characteristics of the county. As such, the trends of the FMR do not match up with those rental trends from other sources, as seen.

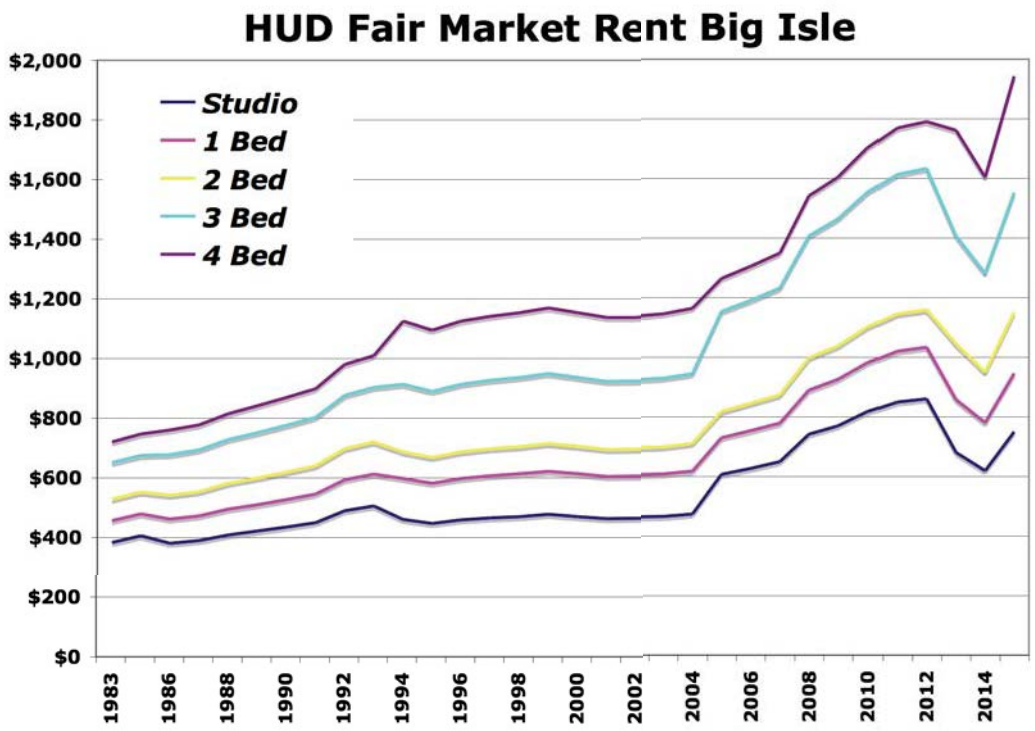

Figure IX-5. HUD Fair Market Rent Big Isle

Another source of rental trend information comes from the Department of Defense. It is called the BAH, or Base Allowance for Housing, and it is their description of the rental market rates, done in conjunction with providing their personnel based in the county with a rental allowance, This is done for all counties where military personnel are based, and adjusted for a cost of living. Indeed, as seen below, their trend for rental rates for Hawaii County deviates from those of HUD.

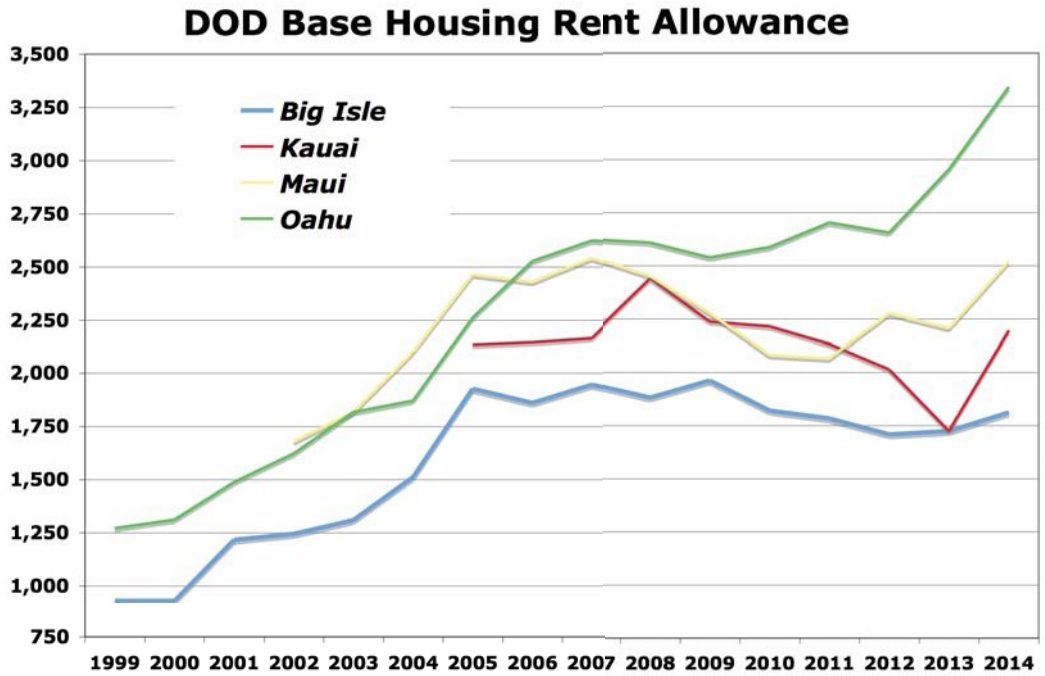

Figure IX-6. DOD Base Housing Rent Allowance

Finally, we look at the trends in vacancies and rental applications for affordable rental projects in the state and on Oahu (the largest target market, as defined earlier). The following table comes from the Hawaii Public Housing Authority's Board of Director's packet for November 2014. As seen, they are dwindling, potentially because affordable rental housing demand is increasing.

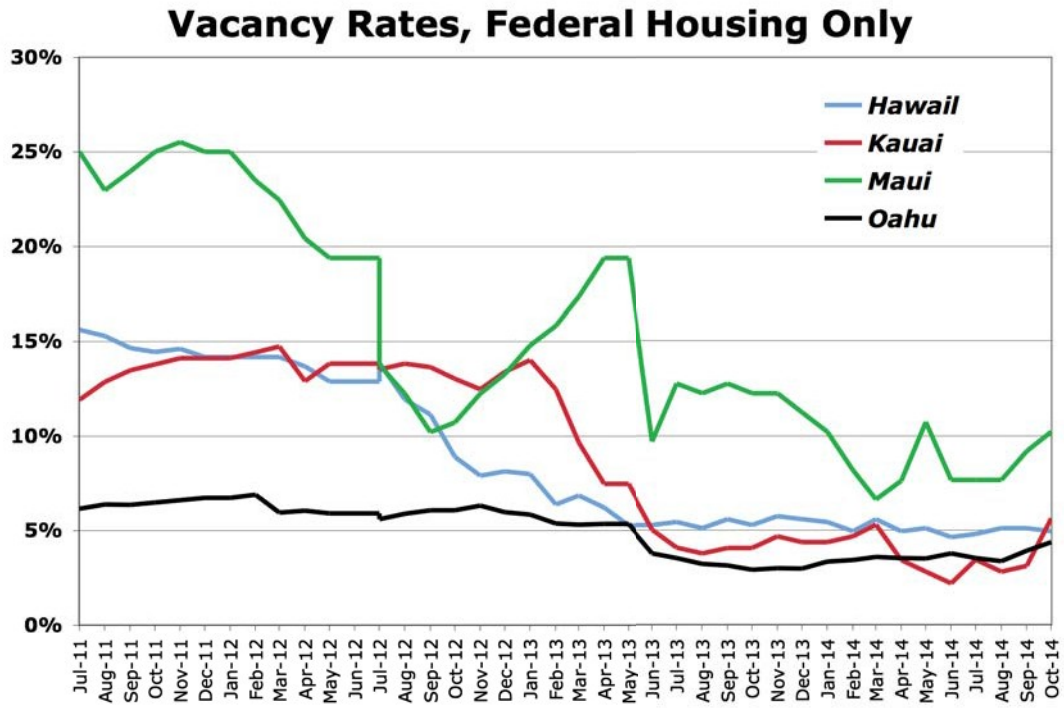

Figure IX-7. Vacancy Rates, Federal Housing Only

X. PRESENTATION & ANALYSIS OF RENTAL MARKET DATA

OVERVIEW: By way of overview, the Big Island rental marketplace within which 'market rate properties' compete is comprised of very few large unit rental properties and a great many small unit properties. Relative to other US urban centers, this is a unique characteristic and has much to do with the development of the visitor industry and the nature of the urbanization (or the lack thereof) on the Big Island.

Historically, Hawaii County was primarily an agrarian economy, with the dispersion of population to the plantation areas. As such, there was no real urban core. Therefore, there is no real concentration of large condominium projects, other than hotel units. The main area for that was in Waikiki, and that targeted short-term visitors. The rest of condominium development was small-scale, due to the topography of the landscape (lava fields and rain forests), due to the lack of capital for building large projects, and due to the lack of land for development (leasehold system). It was often targeted on the visitor market, as well – both short and long-term.

As such, the rental marketplace for market rate properties was dispersed as well as highly fragmented, and the result of that is that the rental market contains a many small unit two-story 'walk-ups' (no elevator necessary, due to the limitation to two stories).

CONTEXT: With that given, rental housing research and researchers have used publicly available data on rental rates to describe the market place. Historically, the best source, in terms of depth, breadth and consistency, was classified advertising in the local newspapers. The listings here provided a wealth of important data, such as asking rents, unit size, unit location, unit features, unit restrictions, etc., This data, when collected overtime, then allowed a researcher to show rental rate and unit availability trends, and do so by location, bedroom count, rents and other features.

However, the advent of the internet disrupted the classified advertising marketplace by allowing that activity – and information - to migrate from a hard copy print in a newspaper into an electronic data held within a website. Thus, the research done using newspaper classified waned while that done using Internet websites that specialize in rental units in the area waxed.

One that provides rental information most comprehensively is Craigslist. In essence, this website replaced the classified ads in the newspapers in terms of being the clearinghouse for rentors and renters.

The scope of work for this study was to update the last Rental Housing Study using data from existing sources.. This study used the same source of Craigslist data as for the last study, a UH research entity, but refined it further by editing the entries for accuracy, consistency and integrity (scam artist entries were deleted).

Note that no data was collected for 2011, as the UH research entity determined that, due to budgetary considerations, this was not a priority. Fortunately, things improved significantly in 2012, and they resumed collecting and storing the data. Thus, we obtained the data for two quarters of 2012, two quarters of 2013, and one quarter of 2014. This is described in the tables.

Note: we decided to aggregate the data for town homes, condos and apartments into attached housing, or MF, multi-family housing. While we can break them into these different segments, we find that by combining them, the overall data makes more sense, and is consistent with the last study. Further, when we look at the data by price segments, which is the way the market (particularly those at the lower income end of the market) sees rentals, it doesn't matter – the renter usually takes the lowest price that he/she can both afford and live with.

The tables start with by looking at the Listings (individual entries offering a rental unit) and the Rents (the asking rental price), and then the table shows the percentage changes per period in the listing counts and rental rates.

There are three summary items below the per period data summaries. They are:

- The change from the first to the last period, called Change 2012.1Q to 2014.1Q;
- The Summary Change, all periods, which simply adds up the per period data located in the column above; and
- The Per Period Change, which divides the line above, the Summary Change, by the number of periods.

We begin with the tables for MF, or multi-family housing, (attached housing, again: condos, apartments and town homes) and for SF (single family, or detached, housing). These first tables are aggregated, meaning they include all bedroom types (Studios, Ones, Twos, etc.). Thereafter, we break the market out into the different bedroom counts, and then by the different communities and areas of the island.

Note that for these first aggregate tables, we show one table with just the raw (actual) data, and another table that averaged two periods together. These averaged tables dampen the volatility of the data that can occur when only one period is looked at.

Table X-1. MULTIFAMILY LISTINGS AND RENTS, PER CRAIGSLIST

No Average					Averaged, 2 Periods				
Yr	Listings	Rents	List Ch %	Rent Ch %	Yr	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	392	$900			2012.1Q	392	$900		
2012.3Q	481	$919	22.7%	2.1%	2012.3Q	437	$909	11.4%	1.0%
2012.4Q	242	$958	-49.7%	4.2%	2012.4Q	362	$938	-17.2%	3.2%
2013.3Q	293	$1,035	21.1%	8.0%	2013.3Q	268	$996	-26.0%	6.2%
2013.4Q	213	$983	-27.3%	-5.0%	2013.4Q	253	$1,009	-5.4%	1.3%
2014.1Q	192	$1,060	-9.9%	7.8%	2014.1Q	203	$1,022	-20.0%	1.2%
Change, 2012.1Q - 2014.1Q			**-51.0%**	**17.7%**	**Change, 2012.1Q - 2014.1Q**			**-48.3%**	**13.5%**
Summary Change, all periods			-43.1%	17.2%	Summary Change, all periods			-57.2%	12.9%
Per period change			-8.6%	3.4%	Per period change			-11.4%	2.6%

As seen, listings (the count of the number of ads or postings) are falling over this time period. This is akin to the supply of rental units declining, or shrinking. Normally, a trend of declining supply goes hand-in-hand with rising prices – if demand stays the same or rises. As seen, this seems to be happening in this market, on the macro level.

Next, we look at the single-family rental market.

Table X-2. SINGLE FAMILY LISTINGS AND RENTS, PER CRAIGSLIST

No Average									
Yr	Listings	Rents	List Ch %	Rent Ch %	Yr	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	462	$1,082			2012.1Q	462	$1,082		
2012.3Q	585	$1,145	26.6%	5.8%	2012.3Q	524	$1,113	13.3%	2.9%
2012.4Q	377	$1,199	-35.6%	4.7%	2012.4Q	481	$1,172	-8.1%	5.3%
2013.3Q	367	$1,202	-2.7%	0.2%	2013.3Q	372	$1,200	-22.7%	2.4%
2013.4Q	268	$1,182	-27.0%	-1.6%	2013.4Q	318	$1,192	-14.7%	-0.7%
2014.1Q	212	$1,277	-20.9%	8.0%	2014.1Q	240	$1,229	-24.4%	3.1%
Change, 2012.1Q - 2014.1Q			**-54.1%**	**18.0%**	**Change, 2012.1Q - 2014.1Q**			**-48.1%**	**13.6%**
Summary Change, all periods			-59.5%	17.1%	Summary Change, all periods			-56.5%	13.0%
Per period change			-11.9%	3.4%	Per period change			-11.3%	2.6%

Again, listing counts are declining and rental rates increasing. And, like the multifamily market, these same characteristics are indicative of a market that is tightening, with less supply and higher prices.

As this study is focused on affordable rental housing, and as most affordable rental housing consistent of multifamily housing, primarily configured as studios, one-bedrooms and two-bedrooms, those market segments are described below. The underlying data behind these summary tables are presented in the appendix and described by location, or area.

Table X-3. STUDIO LISTINGS AND RENTS, MULTIFAMILY

Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
2012.1Q	116	$974			2012.1Q	116	$974		
2012.3Q	161	$1,051	38.8%	8.0%	2012.3Q	139	$1,012	19.4%	4.0%
2012.4Q	103	$1,096	-36.0%	4.2%	2012.4Q	132	$1,073	-4.7%	6.0%
2013.3Q	108	$1,108	4.9%	1.1%	2013.3Q	106	$1,102	-20.1%	2.6%
2013.4Q	81	$1,119	-25.0%	1.0%	2013.4Q	95	$1,114	-10.4%	1.1%
2014.1Q	52	$1,192	-35.8%	6.5%	2014.1Q	67	$1,156	-29.6%	3.8%
Change, 2012.1Q - 2014.1Q			**-55.2%**	**22.5%**	**Change, 2012.1Q - 2014.1Q**			**-42.7%**	**18.7%**
Summary Change, all periods			-53.2%	20.9%	Summary Change, all periods			-45.4%	17.5%
Per period change			-10.6%	4.2%	Per period change			-9.1%	3.5%

Table X-4. ONE BEDROOM LISTINGS AND RENTS, MULTIFAMILY

Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
2012.1Q	190	$1,304			2012.1Q	190	$1,304		
2012.3Q	224	$1,324	17.9%	1.6%	2012.3Q	207	$1,314	8.9%	0.8%
2012.4Q	165	$1,331	-26.3%	0.5%	2012.4Q	195	$1,328	-6.0%	1.0%
2013.3Q	145	$1,311	-12.1%	-1.5%	2013.3Q	155	$1,321	-20.3%	-0.5%
2013.4Q	106	$1,267	-26.9%	-3.4%	2013.4Q	126	$1,289	-19.0%	-2.4%
2014.1Q	79	$1,493	-25.5%	17.8%	2014.1Q	93	$1,380	-26.3%	7.1%
Change, 2012.1Q - 2014.1Q			**-58.4%**	**14.5%**	**Change, 2012.1Q - 2014.1Q**			**-51.3%**	**5.8%**
Summary Change, all periods			-72.9%	15.0%	Summary Change, all periods			-62.7%	5.9%
Per period change			-14.6%	3.0%	Per period change			-12.5%	1.2%

Table X-5. TWO BEDROOM LISTINGS AND RENTS, MULTIFAMILY

Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
2012.1Q	31	$1,593			2012.1Q	31	$1,593		
2012.3Q	45	$1,612	45.2%	1.2%	2012.3Q	38	$1,603	22.6%	0.6%
2012.4Q	33	$1,798	-26.7%	11.5%	2012.4Q	39	$1,705	2.6%	6.4%
2013.3Q	27	$2,237	-18.2%	24.5%	2013.3Q	30	$2,018	-23.1%	18.3%
2013.4Q	23	$1,872	-14.8%	-16.3%	2013.4Q	25	$2,055	-16.7%	1.8%
2014.1Q	22	$1,810	-4.3%	-3.3%	2014.1Q	23	$1,841	-10.0%	-10.4%
Change, 2012.1Q - 2014.1Q			**-29.0%**	**13.6%**	**Change, 2012.1Q - 2014.1Q**			**-27.4%**	**15.6%**
Summary Change, all periods			-18.8%	17.5%	Summary Change, all periods			-24.5%	16.8%
Per period change			-3.8%	3.5%	Per period change			-4.9%	3.4%

Using the above sourced data, we were able to update some of the tables and charts used in the 2011 Rental Housing Study for the major area submarkets. Again, note that the data is a mixture of rental data from the classified section of the newspaper and that from Craigslist, with the break occurring around 2009.

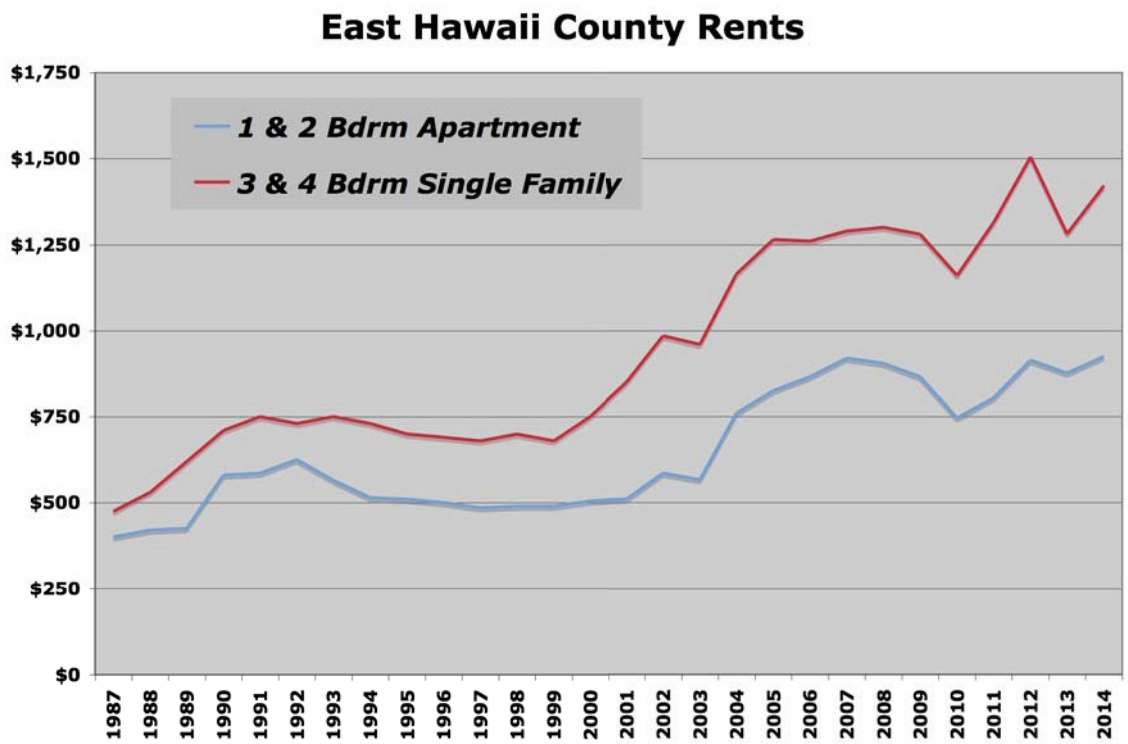

Figure X-1. East Hawaii County Rents

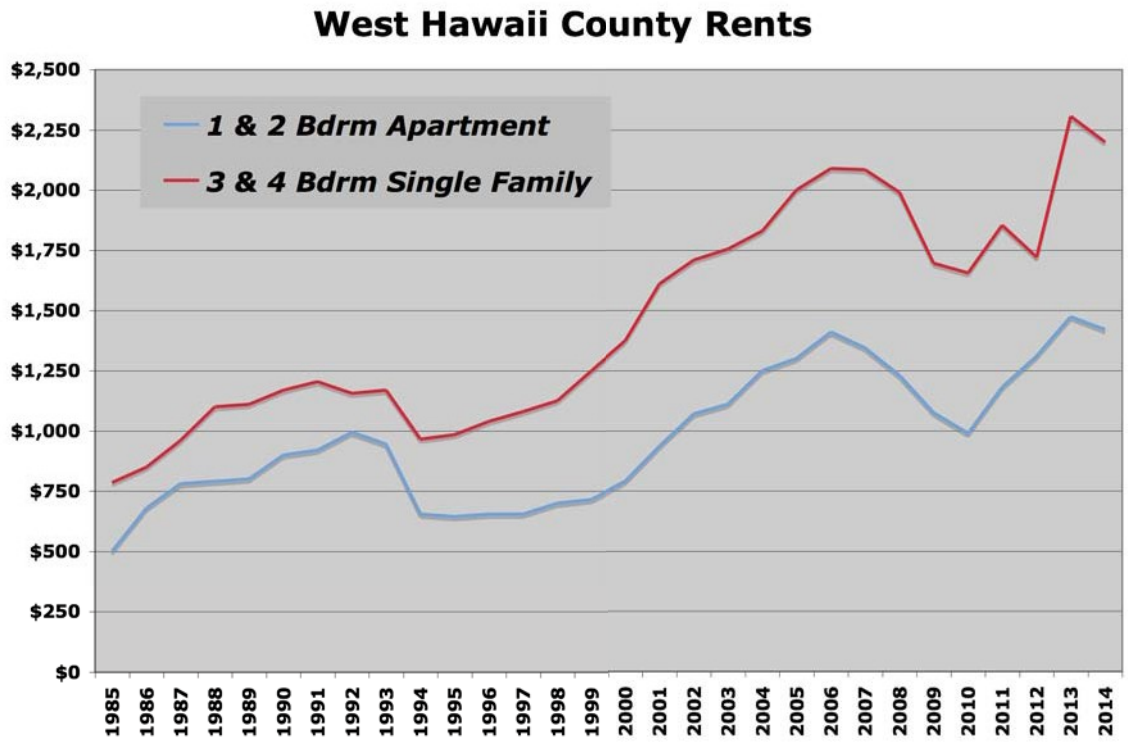

Figure X-2. West Hawaii County Rents

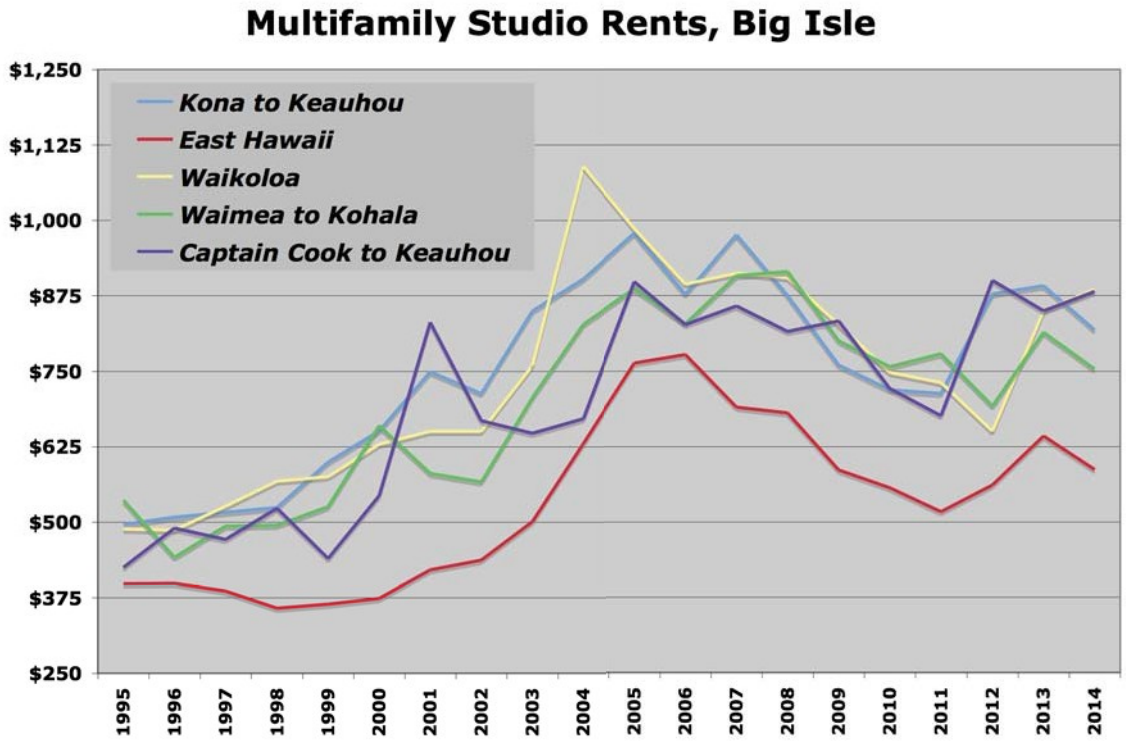

Figure X-3. Multifamily Studio Rents, Big Isle

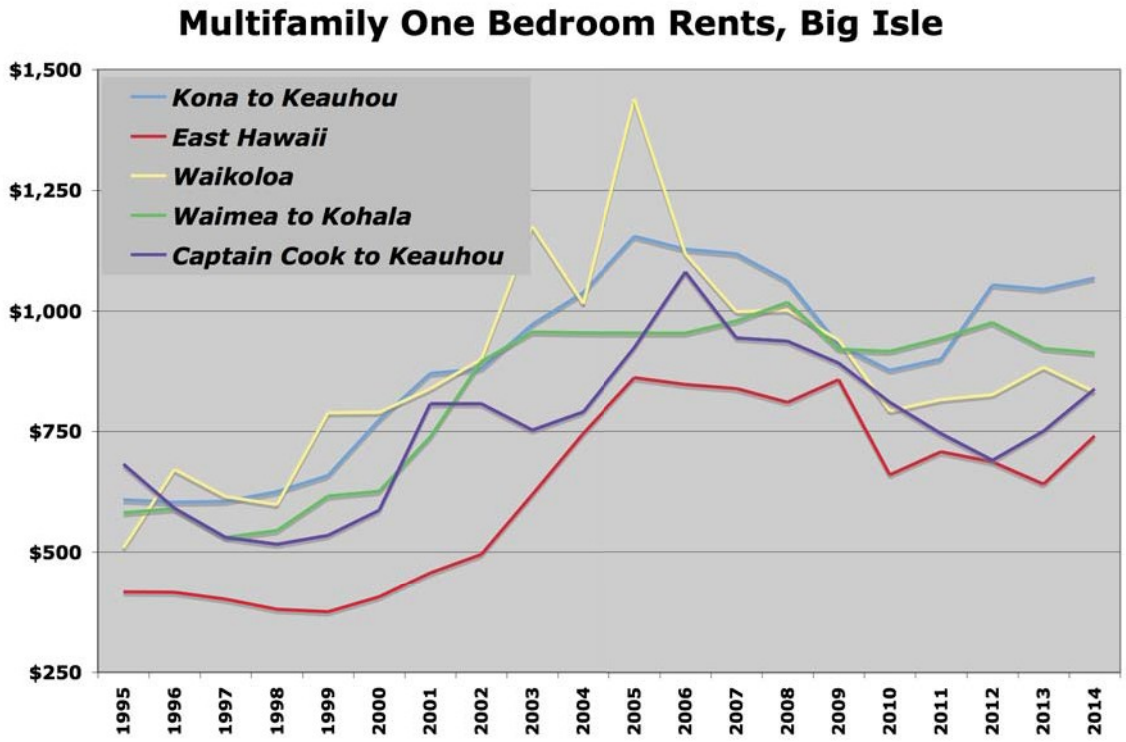

Figure X-4. Multifamily One Bedroom Rents, Big Isle

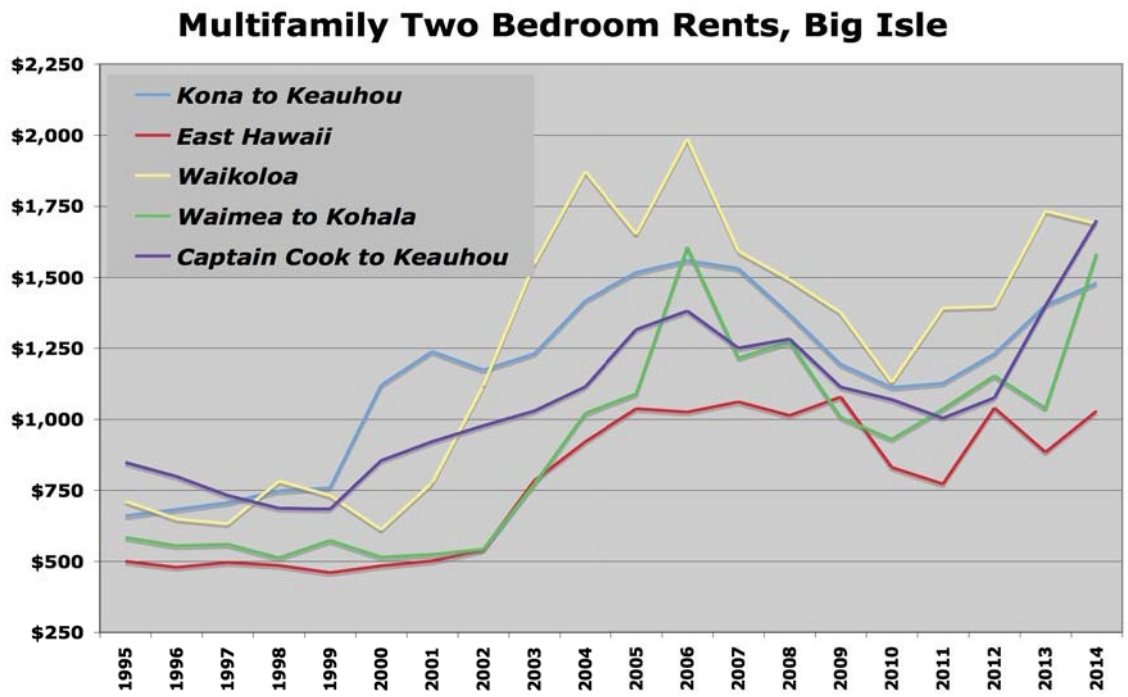

Figure X-5. Multifamily Two Bedroom Rents, Big Isle

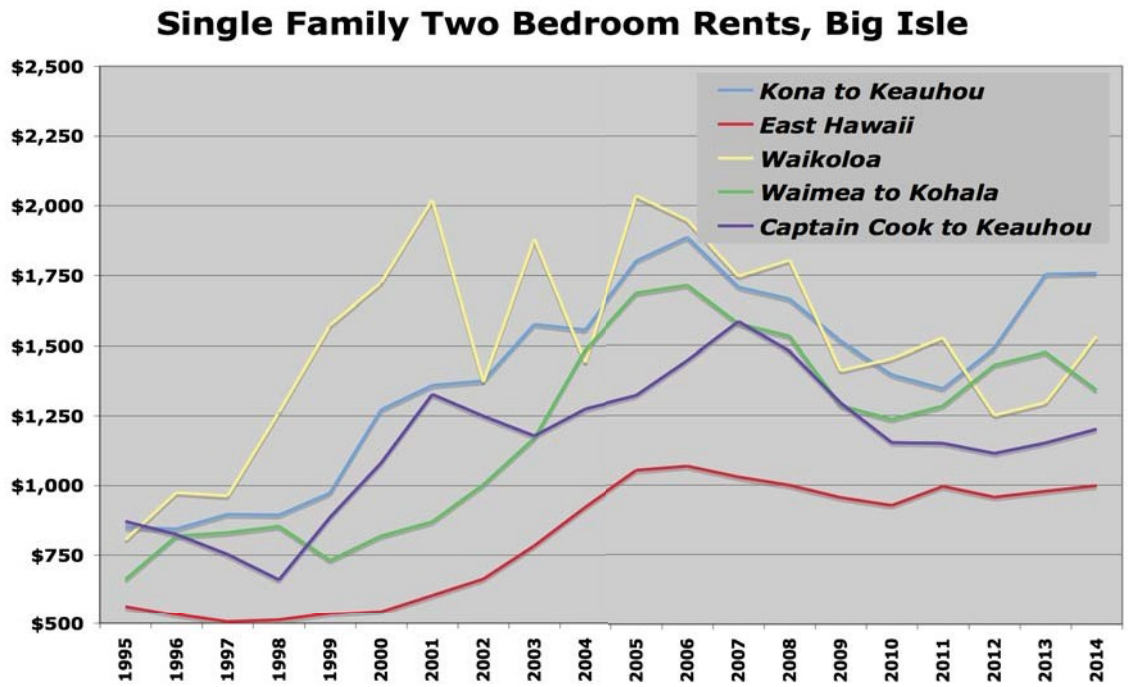

Figure X-6. Single Family Two Bedroom Rents, Big Isle

In every area described, the rental rates in most locations have risen above the levels that were attained in the last real estate market cycle. While the trend is consistent with what has been occurring in the for-sale market, by dint of rental rates exceeding the peak in the last cycle, the rental market trend actually is more dramatic than that of the for-sale market – again, in most areas. And thus it can be said that the conditions in most rental sub-markets are more volatile than the for-sale one, and those in it are either enjoying (as landlords) or suffering (as tenants) this.

In sum, the rental rate trends are going higher, and this then is indicative of market conditions in which either supply is inadequate, or demand is excessive, or both.

The next section looks at the demographic composition of the rental market, and does so by income group, size of family and age. In essence, this is the demand side of the market.

XI. DEMOGRAPHIC ANALYSIS OF TARGET MARKET

The following data comes from Ribbon Demographics, a Californian firm that specializes in taking the 2010 US Census data and representing it in ways that are meaningful to those seeking to understand the demographic demand for housing. They use, to quote their website: "a custom four-way cross tabulation of household data designed specifically for affordable housing analysis that has been built by Nielsen (formerly Claritas). It is based on actual cross tabulation of Census (ACS) Data.

In particular, it identifies what kinds of housing (size, in term of bedroom counts) and at what price ranges those in the market might have a demand. We start with the total population on the island that are renting (note: this is a projection to 2014, using the info given by those polled in the 2010 Census.

Table XI-1. RENTER ONLY HOUSEHOLD COUNTS BY INCOME AND FAMILY SIZE, 2014

	1-Person	2-Person	3-Person	4-Person	5+-Person	Total
$0-10,000	2,077	637	336	306	159	3,515
$10,000-20,000	1,906	1,003	607	253	282	4,050
$20,000-30,000	1,407	900	669	422	669	4,067
$30,000-40,000	762	685	214	245	298	2,204
$40,000-50,000	748	697	187	287	276	2,195
$50,000-60,000	451	552	415	176	274	1,869
$60,000-75,000	257	756	381	323	293	2,010
$75,000-100,000	316	699	189	451	354	2,009
$100,000-125,000	61	219	125	189	118	713
$125,000-150,000	62	86	29	59	130	367
$150,000-200,000	70	81	38	81	226	495
$200,000+	56	52	25	16	11	160
Total	8,173	6,366	3,215	2,808	3,090	23,653

We then looked at the data according to the HUD 2014 AMI definition, shown below.

Table XI-2. MULTIFAMILY TAX SUBSIDY PROJECT INCOME LIMITS, 2014, HUD

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30%	$13,950	$15,950	$17,950	$19,900	$21,500	$23,100	$24,700	$26,300
50%	$23,250	$26,600	$29,900	$33,200	$35,900	$38,550	$41,200	$43,850
60%	$27,900	$31,920	$35,880	$39,840	$43,080	$46,260	$49,440	$52,620
80%	$37,200	$42,500	$47,800	$53,100	$57,350	$61,600	$65,850	$70,100
100%	$46,500	$53,200	$59,800	$66,400	$71,800	$77,100	$82,400	$87,700
120%	$55,800	$63,840	$71,760	$79,680	$86,160	$92,520	$98,880	$105,240
140%	$65,100	$74,480	$83,720	$92,960	$100,520	$107,940	$115,360	$122,780

We then revamped the household income data, by using the HUD 2014 AMI definition, to arrive at the population of RENTERS only by their AMI.

Table XI-3. RENTER ONLY HOUSEHOLDS BY AMI AND FAMILY SIZE, 2014

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+-Person	Total
30%	2,820	1,229	816	559	246	123	62	5,855
50%	1,692	961	848	386	372	186	93	4,538
60%	633	631	195	148	129	64	32	1,833
80%	816	857	234	342	179	90	45	2,562
100%	556	737	447	270	104	52	26	2,192
120%	650	567	276	281	94	47	23	1,938
140%	277	434	168	180	97	48	24	1,228

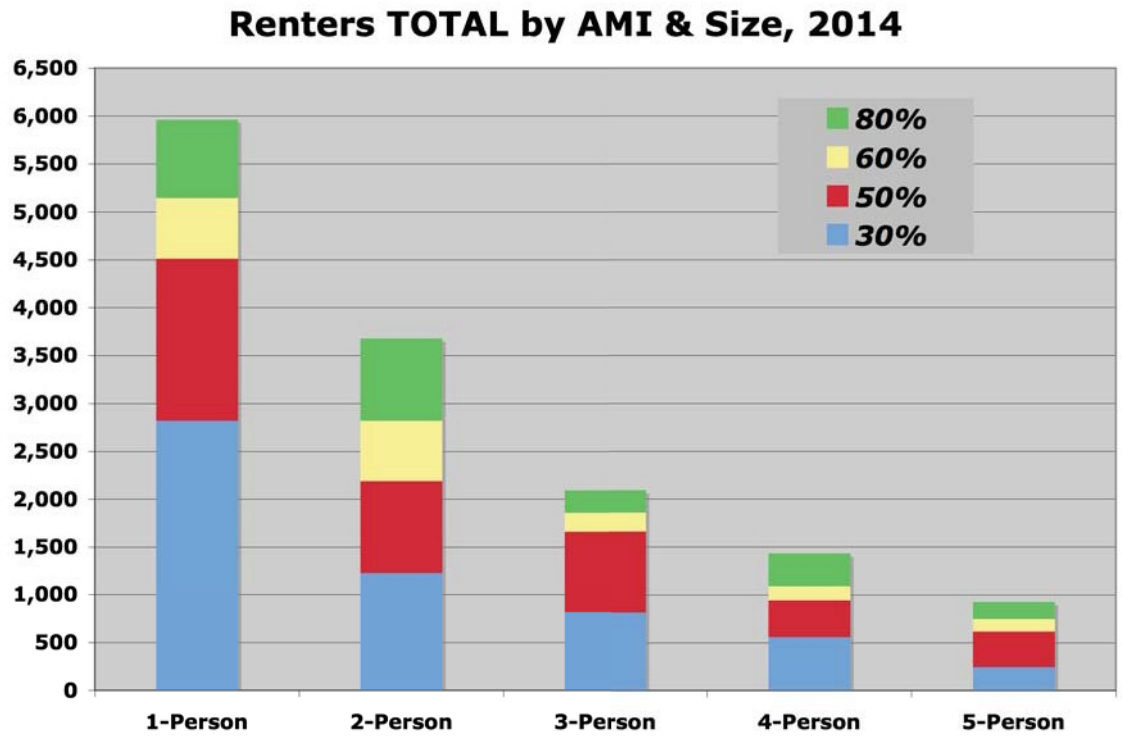

Figure XI-1. Renters Total by AMI & Size, 2014

Next, we looked at the data not by individual segments, but in a cumulative, summary, vantage point (by accumulating the total number of households at or below a particular AMI level).

Table XI-4. CUMULATIVE DATA FOR RENTER ONLY HOUSEHOLDS BY AMI AND FAMILY SIZE, 2014

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+-Person	Total
30%	2,820	1,229	816	559	246	123	62	5,855
50%	4,512	2,190	1,664	944	618	309	155	10,393
60%	5,145	2,821	1,859	1,093	747	374	187	12,225
80%	5,961	3,678	2,093	1,435	926	463	232	14,787
100%	6,518	4,414	2,539	1,705	1,031	515	258	16,980
120%	7,168	4,981	2,815	1,986	1,124	562	281	18,918
140%	7,445	5,415	2,982	2,166	1,221	611	305	20,146

Table XI-5. CUMULATIVE COUNTS & SHARE OF HOUSEHOLDS, RENTERS & OWNERS, 2014

AMI	Renter Total	Owner Total	Renter & Owner Total	Renter % Of Population	Owner % Of Population	Total Renter & Owner %
30%	5,855	5,905	11,759	8%	8%	17%
50%	10,393	11,436	21,828	15%	16%	31%
60%	12,225	14,612	26,837	17%	21%	38%
80%	14,787	20,323	35,110	21%	29%	50%
100%	16,980	25,230	42,210	24%	36%	60%
120%	18,918	29,743	48,661	27%	43%	70%
140%	20,146	33,127	53,274	29%	47%	76%

Note that these numbers, through the 140% of AMI, encompass the most of the households on Hawaii County. More noteworthy is that 50% of all households make 80% of median income or below, or 35,110 families out of a total of 69,914 (which includes those above the 140% of AMI level).

Next, we broke just the renter data by AMI down into three age groupings: one for families, defined as households whose head of house was between the ages of 25 and 54 years, and two for senior households, the first defined as households whose head was aged 55 years and older, and the second defined by a head of household aged 65 years and older.

2014 DATA: We start with the 2014 family and senior household data for Hawaii County.

Table XI-6. FAMILY RENTER HOUSEHOLDS AGED 25-54 YEARS BY AMI AND FAMILY SIZE, 2014

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+ Person	Total
30%	1,084	836	739	468	223	112	56	3,517
50%	722	556	783	346	349	175	87	3,018
60%	406	369	173	139	110	55	28	1,279
80%	395	498	207	266	156	78	39	1,639
100%	246	429	387	217	90	45	23	1,436
120%	293	399	250	253	76	38	19	1,327
140%	133	246	149	164	77	38	19	827

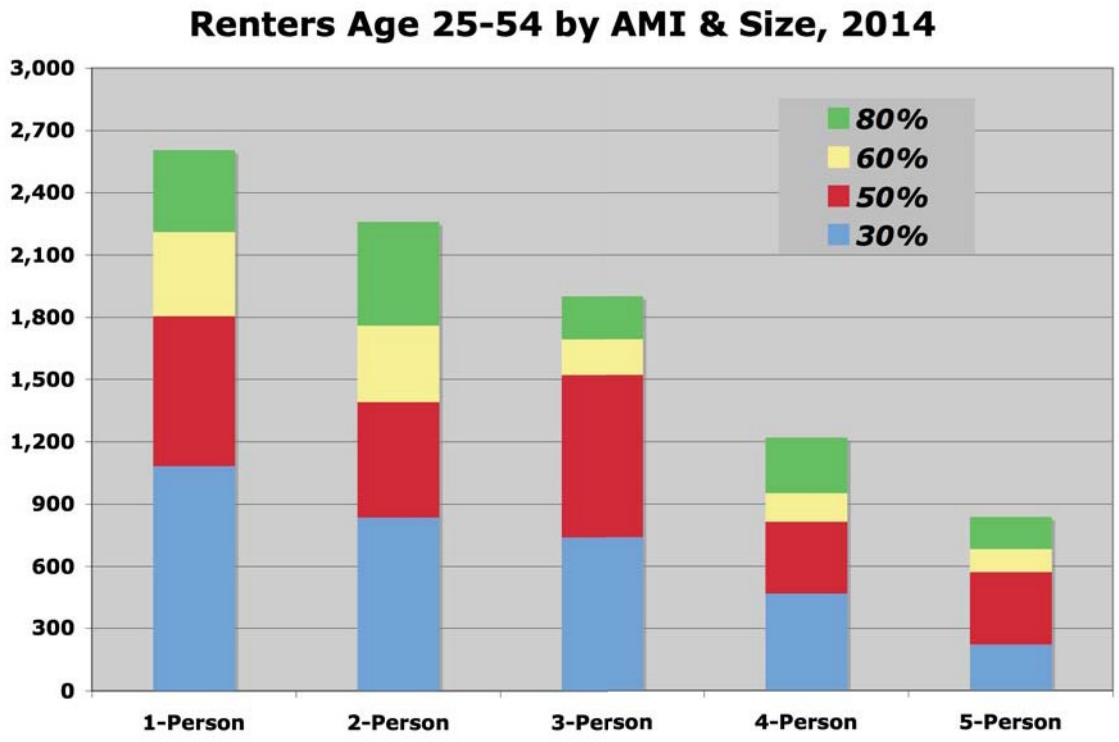

Figure XI-2. Renters Age 25-54 by AMI & Size, 2014

Table XI-7. SENIOR RENTER HOUSEHOLDS AGED 55+ YEARS, BY AMI AND FAMILY SIZE, 2014

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+ Person	Total
30%	1,736	393	77	91	23	12	6	2,337
50%	970	404	66	40	23	11	6	1,520
60%	227	262	22	9	19	9	5	554
80%	421	358	27	75	23	12	6	923
100%	311	308	60	53	14	7	4	756
120%	358	168	26	28	18	9	4	611
140%	144	188	18	16	20	10	5	401

Table XI-8. SENIOR RENTER HOUSEHOLDS AGED 65+ YEARS, BY AMI AND FAMILY SIZE, 2014

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+ Person	Total
30%	1,039	177	31	20	14	7	3	1,291
50%	653	240	8	22	16	8	4	951
60%	112	138	10	3	14	7	4	288
80%	183	226	8	66	7	3	2	495
100%	154	130	22	46	4	2	1	358
120%	159	35	4	21	8	4	2	233
140%	46	33	2	13	10	5	2	112

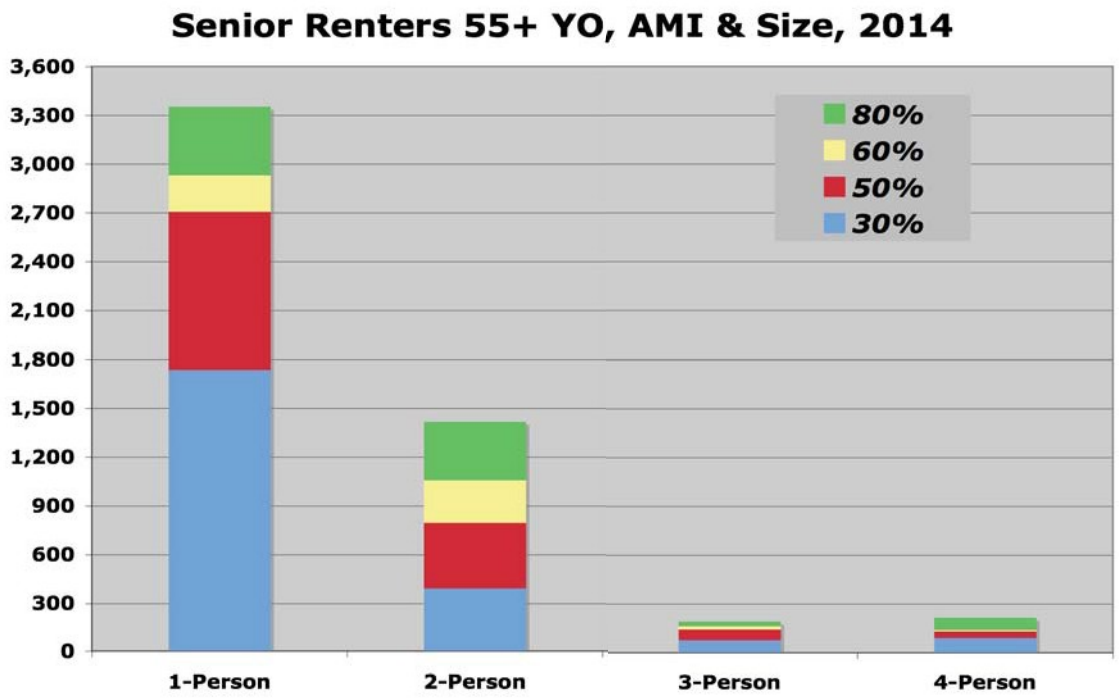

Figure XI-3. Senior Renters 55+ YO, AMI & Size, 2014

2019 DATA: Next, we show the 2019 family and senior household data provided by Ribbon Demographics for Oahu. The methodology by which Nielson (via Ribbon Demographics) uses to estimate the 2014 and the 2019 household data is explained at the following website (http://www.tetrad.com/wp-content/uploads/Nielsen-Demographic-Update-2014.1-Methodology-Detailed.pdf), but it centers on the use of economic data (To quote the aforementioned document: "input sources such as the Bureau of Economic Analysis income estimates, IRS income data, and ACS income estimates").

Thus, they take the raw data from the 2010 Census and the ACS and extend it out in time first 4 years (to 2014, the prior data table) and then another 5 years. The following data is their projection to 2019, or nine years out from the original data.

Table XI-9. FAMILY RENTER HOUSEHOLDS AGED 25-54 YEARS BY AMI AND FAMILY SIZE, 2019

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+ Person	Total
30%	1,106	806	742	469	256	128	64	3,571
50%	716	540	796	352	388	194	97	3,083
60%	400	355	188	139	119	60	30	1,290
80%	395	485	211	276	175	88	44	1,675
100%	247	413	398	223	104	52	26	1,464
120%	291	401	265	261	84	42	21	1,364
140%	129	246	156	163	84	42	21	840

Table XI-10. SENIOR RENTER HOUSEHOLDS AGED 55+ YEARS, BY AMI AND FAMILY SIZE, 2019

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+ Person	Total
30%	1,941	413	94	94	31	16	8	2,597
50%	1,075	454	77	47	36	18	9	1,716
60%	245	284	22	13	31	16	8	619
80%	451	418	26	63	32	16	8	1,014
100%	364	354	69	45	15	7	4	859
120%	418	179	30	36	23	11	6	703
140%	164	208	20	24	26	13	7	463

Table XI-11. SENIOR RENTER HOUSEHOLDS AGED 65+ YEARS, BY AMI AND FAMILY SIZE, 2019

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+ Person	Total
30%	1,238	206	40	15	17	8	4	1,528
50%	755	289	11	28	25	12	6	1,127
60%	130	161	10	6	25	12	6	350
80%	208	285	9	53	11	5	3	574
100%	204	172	28	38	3	1	1	447
120%	213	44	6	29	11	5	3	311
140%	58	45	4	20	14	7	3	152

Finally, we want to show the changes in the various income and household groups.

2019 DATA COMPARED TO 2014 DATA: Using the above data, we prepared a table showing it in a 5 year projection, comparing the 2014 data to the 2019 data.

Table XI-12. FAMILY RENTER HOUSEHOLDS AGED 25-54 YEARS, BY AMI AND FAMILY SIZE, 2014 TO 2019

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+ Person	Total
30%	317	134	380	236	174	87	44	1,371
50%	263	(60)	179	143	139	70	35	769
60%	189	120	(33)	92	59	30	15	473
80%	(58)	229	111	136	103	52	26	599
100%	(206)	83	69	185	59	29	15	233
120%	(225)	56	(90)	163	36	18	9	(33)
140%	(228)	237	(125)	117	27	13	7	48

Table XI-13. SENIOR RENTER HOUSEHOLD AGED 55+ YEARS, BY AMI AND FAMILY SIZE, 2014 TO 2019

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+ Person	Total
30%	1,744	503	17	93	23	12	6	2,398
50%	641	453	22	23	33	17	8	1,197
60%	96	169	(14)	35	22	11	5	324
80%	226	355	10	16	16	8	4	634
100%	14	160	1	29	16	8	4	231
120%	2	218	(6)	16	13	7	3	253
140%	(57)	72	(7)	18	14	7	3	50

Table XI-14. SENIOR RENTER HOUSEHOLD AGED 65+ YEARS, BY AMI AND FAMILY SIZE, 2014 TO 2019

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+ Person	Total
30%	1,196	264	23	24	11	6	3	1,526
50%	465	340	(24)	14	26	13	7	841
60%	20	91	(18)	36	18	9	5	161
80%	146	182	(24)	28	2	1	1	336
100%	30	34	(19)	32	7	4	2	90
120%	31	49	(22)	21	7	4	2	92
140%	6	26	(16)	8	8	4	2	38

As seen, the changes in the composition of demand from 2014 to 2019 show that the numbers for the younger age groups diminish and those for the older ones increase. This is in keeping with the aging of our society, thanks to the fact that the baby boomer generation did not reproduce at the same level their parent's generation did. As such, housing demand driven by this demographic change will disfavor starter and family houses and favor senior housing and empty nesters.

XII. CONSIDERATIONS

As previously shown, there is a large past and future demand for housing, labeled here as housing need. In light of that, here follows an identification and discussion of some of the items and issues that have been linked to this housing need situation.

Some of the items apply mainly to Oahu, the military's absorption of the local rental housing stock, but are included in all the studies, as there is a military presence on the neighbor islands, as well. The other items are housing shortages:

- Due to the absorption of local rental housing stock by short-term visitors
- Due to high housing regulations
- Due to low wages vs. high housing costs
- Due to obsolescence or maintenance
- Due to risk in the public and the private sectors

A. HOUSING SHORTAGE, DUE TO MILITARY ABSORPTION OF LOCAL RENTAL HOUSING STOCK

Hawaii has one of the largest United States military populations in the world, with some 50,000 servicemen and women stationed here, the second highest amount of active duty military personnel next to Japan. Hawaii also has some 64,000 military dependents. These service personnel and dependents can compete with local families for off-base rental units, if they so chose. And they can do so effectively, because they receive an allowance to rent off base, plus have health benefits, access to tax-free grocery and department stores on base and no state income tax.

In these conversations with those in military housing, we were told that the normal case is that the services will absorb 10%-20% of the housing stock in the communities hosting base(s), either through renting or owning (families purchase a home, then sell when they are reassigned).

However, there are exceptions - markets where supply is tight and/or demand is excessive, such as Hawaii (San Francisco, San Jose, as well), this level of their absorption of housing stock can reach upwards of 30%. This would apply to the Oahu market, but not to the neighbor island markets.

That said, it is not easy to identify if they do so in numbers that are significant or insufficient. To start with, most military families prefer to live on base, for convenience and community. Further, thanks to the Military Housing Privatization Initiative, over 75% of their housing stock has been remodeled or replaced.

When this initiative commenced, their stated goal was to do a one-for-one replacement, such that they would neither add nor subtract from the total housing stock in the community, as the stated intent was not to impact the private rental market. That said, the majority of their housing stock, not unlike the public housing stock on Oahu, was run down and/or uninhabitable. Thus, there was a net gain, effectively, in rental housing stock, thanks to this initiative

FYI, the following table was drawn from private conversations with the three major contractors performing this, Hunt, Lend Lease and Forest City.

Table XII-1. CHANGES IN MILITARY HOUSING SUPPLY BY SERVICE

	US Navy, P1	US Navy, P2	USMC	US Army	US Air Force	Totals
Starting Stock	2,003	2,250	2,700	7,836	1,356	16,145
2005	300			186		486
2006	300					300
2007	300	225		600	400	1,525
2008	300	225	250	712	400	1,887
2009	250	225	275	712	400	1,862
2010	250	225	275	712	156	1,618
2011	252	225	275	712		1,464
2012		225	275	712		1,212
2013		225	275	712		1,212
2014		225	275	712		1,212
2015		225	275	712		1,212
2016		175	275	712		1,162
2017			150	642		792
Ending Stock	1,952	2,200	2,600	7,836	1,356	15,944

We note that, as of 2012, two-thirds of the way through this program, there still were vacancies on base: for the US Army, they had a 91.8% occupancy rate, or 631 units available. For the US Navy & Marines, their occupancy was 95%, or 500 units open. The Air Force had 93%, or 175 units available (source is 2010 Department of Defense study, per http://www.acq.osd.mil/housing/PEP%20Exec%20Report%20-Jun2010.pdf).

We also note that in the opinion of rental owners and operators in the market, the rental market in 2010 went extra soft, in part because of the effect of this upgrading of the base housing.

Finally, the reality is that the market rents paid by these the military (and the short-term visitors, see below) are way above the rents that Extremely Low-Income (30%-$647 for 2-bedroom), Very Low-Income (50%-$1,078 for 2-bedroom) and Low-Income (80%- $1,725 for 2-bedroom) households can pay.

Thus, there is little or no real displacement because there is no direct overlap.

B. HOUSING SHORTAGE, DUE TO VISITOR ABSORPTION OF LOCAL RENTAL STOCK

The visitor industry also has a major presence in the economy and the housing market across Hawaii, but more so on the neighbor islands and less so on Oahu. By any measure - room rates, occupancy, and so on – Hawaii is world-class as a destination, starting with ocean liners at the turn of the century.

But this success has brought with it housing challenges in our community, in the sense that it has both spurred housing demand, for it's employees, and restricted housing supply, for those visitors who want to visit but cannot find accommodations to their budget or their taste. The housing being demanded by these visitors cannot be something the industry is responsible for, other than it is a measure of it's success. This is partly because there is not sufficient supply of hotel rooms to accommodate all tastes and budgets.

As a result, the overflow of visitors from hotels are accommodated in condotels, apartment rentals, house rentals, and so on (legally and illegally), principally through on-line services that aggregate rental offerings.

Officially, there are 789 transient vacation units and 39 bed-and-breakfast operations (http://www.staradvertiser.com/newspremium/20141228_ROGUE_RENTALS.html) licensed by the county of Honolulu, but this pales in comparison with the numbers of units unofficially available. It also pales in comparison with legal units, existing within appropriately zoned resort communities, such as Waikiki, Ko Olina and Kuilima.

While a problem on Oahu, certainly, it is greater on the other islands. Based on the owner-occupant designation, over 60% of all attached housing on Maui is held by investors, or second homeowners. Indeed, this situation manifests itself also in housing production, inasmuch as these units generate a very healthy stream of income. As seen by the trend in the average values for private residential permits across the state, what is being built is priced beyond local homeowners and renters (DBEDT on-line data download).

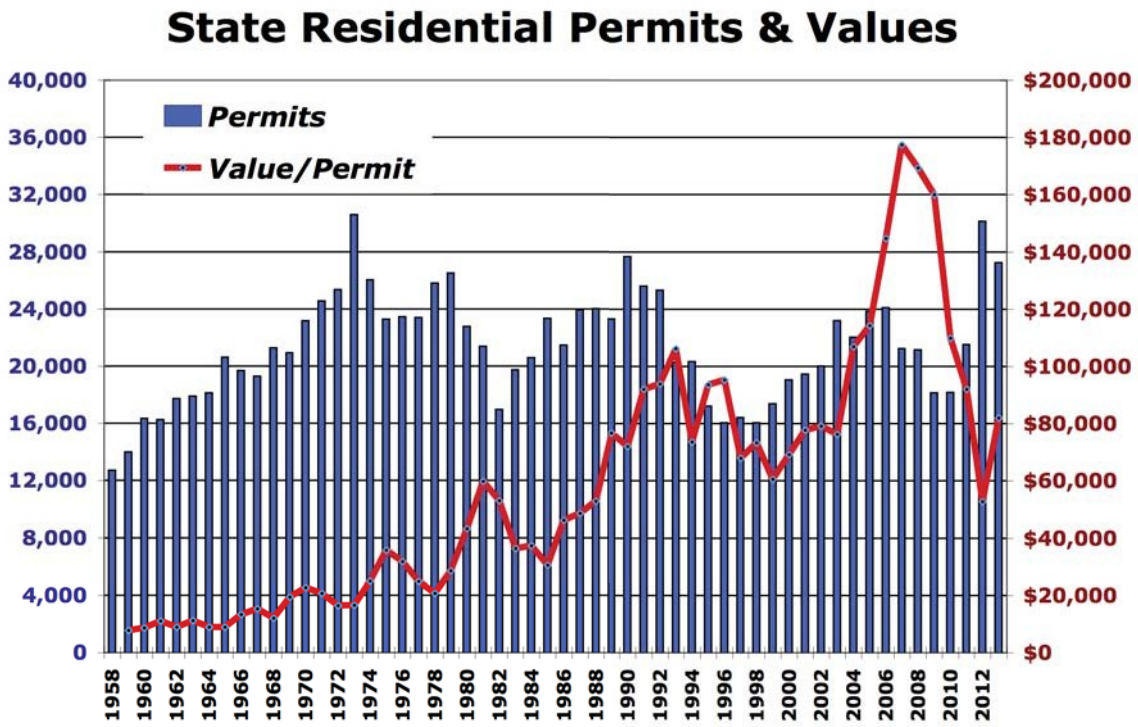

Figure XII-1. State Residential Permits & Values

This is even more apparent when the data is broken out by islands.

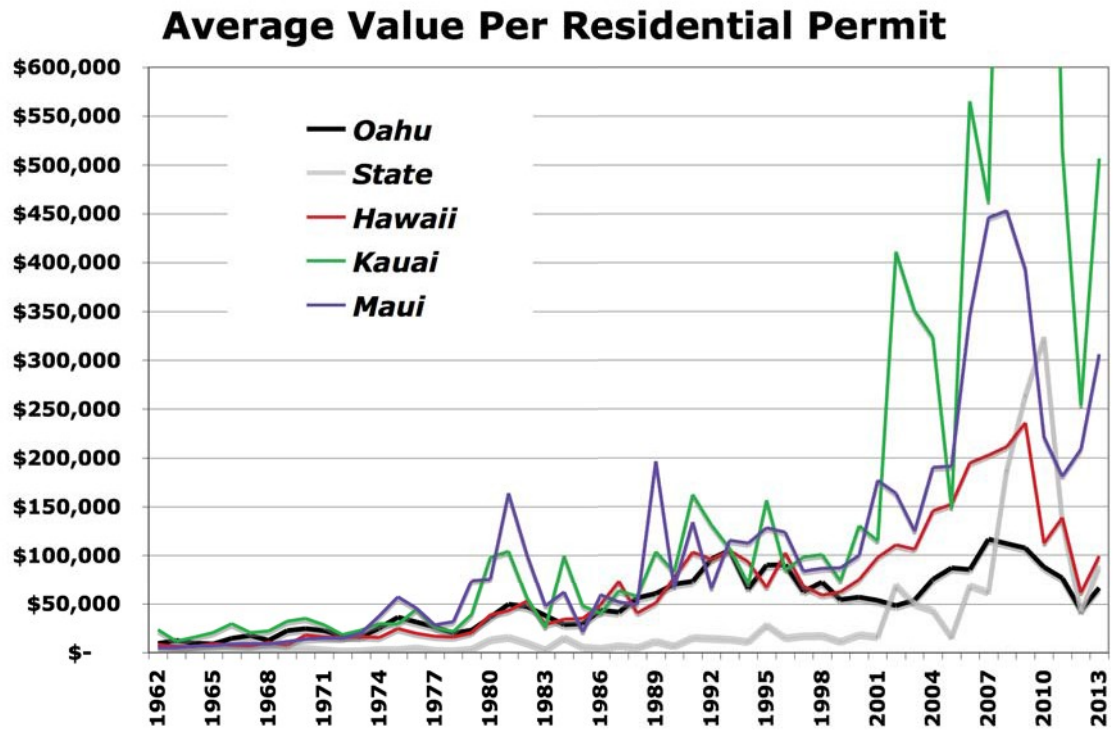

Figure XII-2. Average Value Per Residential Permit

This notwithstanding, the reality is that the market rents paid by short-term visitors, again are way above the rents that low- or moderate-income families will or can pay. Thus, like the military, there is little or no real displacement because there is no direct overlap.

C. HOUSING SHORTAGE, DUE TO HIGH HOUSING REGULATIONS

According to a speech made by the former head of DBEDT on the housing shortage, the housing policy of one of the counties was: “committed to exactions as an engine for low-income housing .”

This is a fair description of the relationship between the public and the private sectors in housing production, one that worked (and works) when market conditions were such that the costs of the exactions were meaningfully below the profits of the project and the private sector entity. In other words, there was a meaningful net profit left over after the total amount of the subsidy provided by the private sector to produce affordable housing was subtracted from total profit that was generated by the sale of the profitable units. Basically the developer’s loss on the low-cost housing was passed on to the market-rate purchasers of housing.

However, this condition does not always exist in the market. In fact, there is only a little moment when this can happen – the window of opportunity – and it is when housing production costs are low, and housing prices are rising. This happens only for maybe 2 out of the 8-10 year real estate cycle. Further, it cannot happen if the costs of the exactments or the subsidy are overly large.

For instance, in 2006, in the midst of the mayoral election and at the top of the last real estate cycle on Maui, the county council voted unanimously to raise the breadth and depth of their

workforce housing requirement. The vote included any development of five or more residential units, as well as hotel or time-share projects that generate three or more units.

On top of that, projects in which fewer than half the units built are to be sold for more than $600,000 would have to provide 40 percent of their units at affordable prices. Developments having more than half of homes priced above $600,000 would have a 50 percent affordable requirement. Those in opposition warned that this pushed the return to homebuilders and developers below the minimum needed to pursue the business.

In the ensuing years, the former proved to be the case - only a handful of homes have been built under the ordinance, such that it was revised. the only homes constructed as a 14 unit workforce housing project called Na Hale O Kilinahe, in which the developer estimated losing nearly $1 million per "workforce" house, and so negotiated with the landowner for a huge discount on the land in anticipation of that. In retrospect, some said the developer underestimated the amount of effort required, plus then said the uncertainty, the added cost, the added capital required didn't make sense.

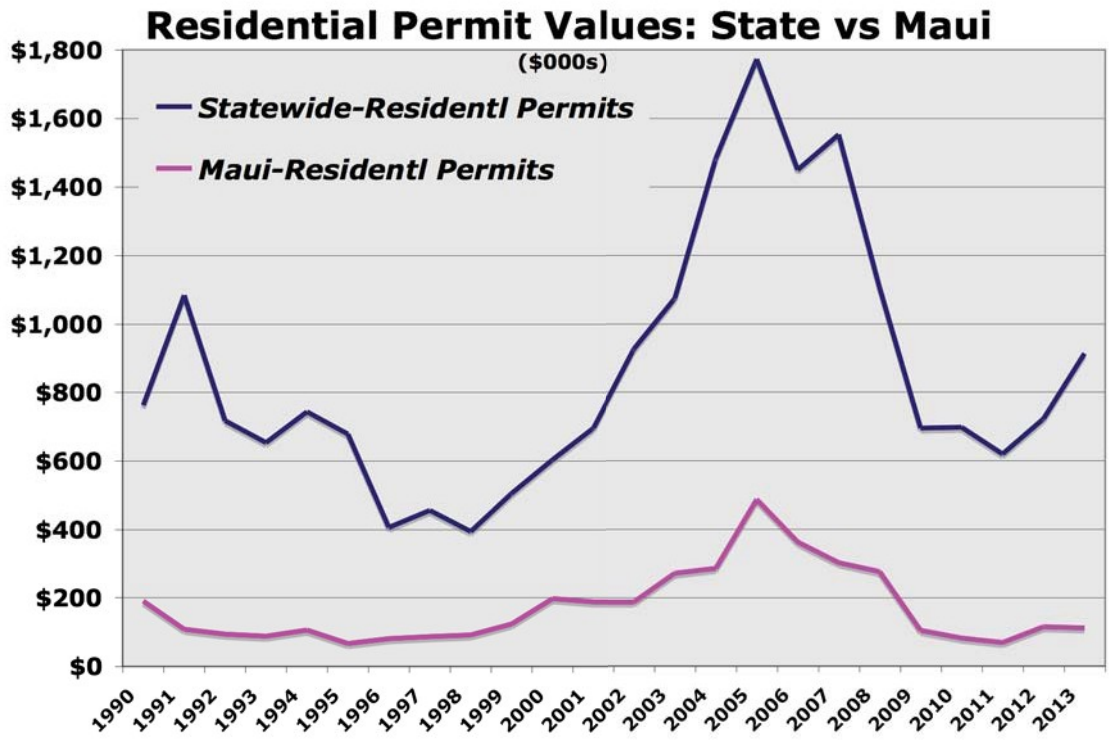

Figure XII-3. Residential Permit Values: State vs. Maui

Indeed, this can be seen in the chart comparing the value of residential permits statewide to just Maui. As seen, this activity plummeted on all islands upon the onslaught of the Great Recession. However, the activity statewide has bounced back up, in the recovery phase of this cycle, while Maui has not enjoyed much of a rebound.

D. HOUSING SHORTAGE, DUE TO HIGH HOUSING PRICES (COSTS) AND LOW INCOMES (WAGES)

Nationally, Hawaii is known for having very high housing costs. This is so, thanks to the high prices put on housing inputs. To wit:

Costs

Buildable land is extremely limited, both physically and politically (by dint of regulations that prevent land that is economically feasible housing to become so, thanks to a lengthy and restrictive enabling process) (this process of zoning land is widely supported in the community, as means to enjoy open space, to grow crops, but these benefits brings with them a cost: high housing prices).

Building materials, both infrastructure and vertical construction, are costly, much more than the rest of the nation, due to transportation and storage costs.

Construction labor is also limited as well as inflexible, thanks to high cost of living, and the remoteness of the market (physically, Hawaii is one of the most isolated land masses on the planet).

This goes for both subsidized, affordable and market-rate rental or for-sale housing.

Prices

For market-rate housing, there is substantial on-shore demand, and that pushes up prices. Over and beyond that, offshore demand pushes prices even higher: Hawaii's very high quality of life (pristine environment, tropical temperatures, accommodating culture, American jurisprudence, dollar denominated economy) makes it ideal to vacation and to live in, especially for retirees and higher net worth families. Indeed, the pricing of housing throughout the state is high, and so recognized nationally.

Incomes

Relative to housing prices, the general level of incomes in the community is low, due to a large low-wage service industry component of our economy, tourism. Nationally, many visitor destinations suffer the same fate: high housing demand, thanks to tourists, but low incomes locally (mainly ski resorts, plus cities like San Francisco, Miami and New York).

Thus, low wages vs. high housing costs equates to difficulty affording even basic housing. Indeed, housing cost is the highest line item in almost all families, but there are high costs here in Hawaii for the other items: energy (gas, electricity), food, schooling, etc. Slightly off-setting this, Hawaii has a low property tax and costs for clothing and recreation.

One simple illustration of how wages and home prices are out of sync is to identify the compound rate of appreciation for wages and homes since 1972. Using the average price for a single family home and a condo, that compound rate was 5% and 4.2% appreciation per annum over that period. Using the Bureau of Economic Analysis' average wage per job, same time period, the appreciation was 4.2%.

The following chart shows an index since 1992 for the average price for a new home and a new condo (proprietary data) against the average wage per job, since 1992. The one after that shows the wage per job average against an index for cost of construction for single-family homes and high-rise condos (First Hawaiian Bank data via DBEDT). In both cases, wages simply have been outpaced.

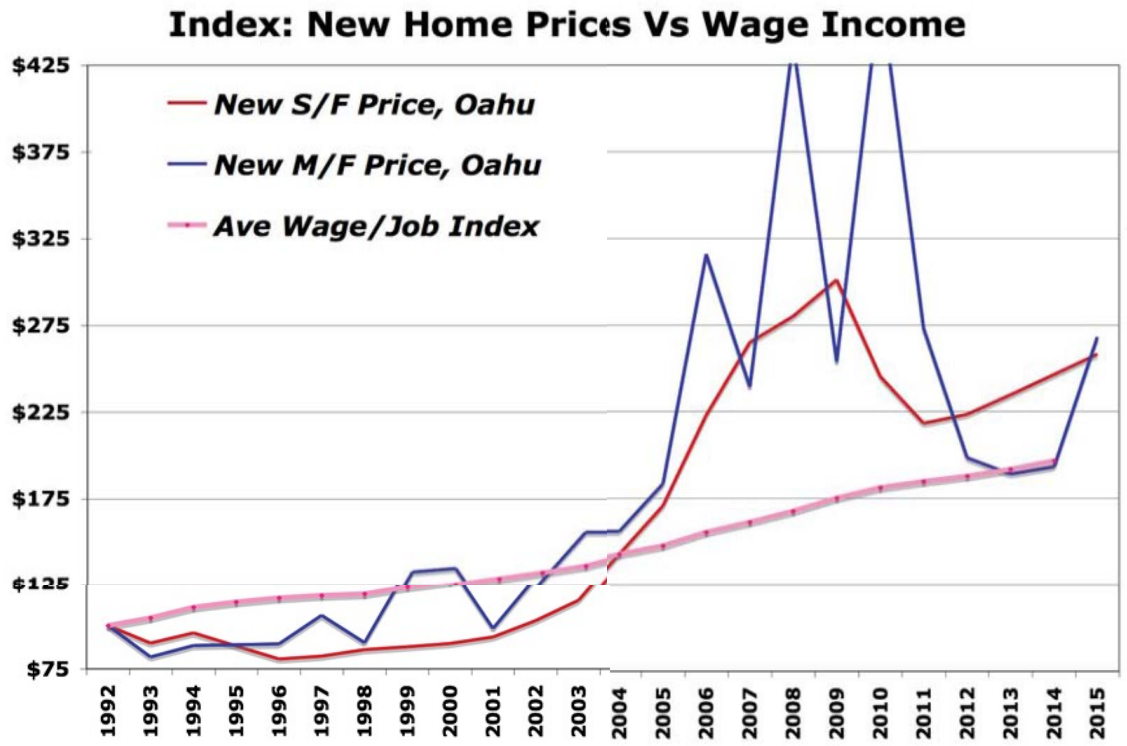

Figure XII-4. Index: New Home Prices vs Wage Income

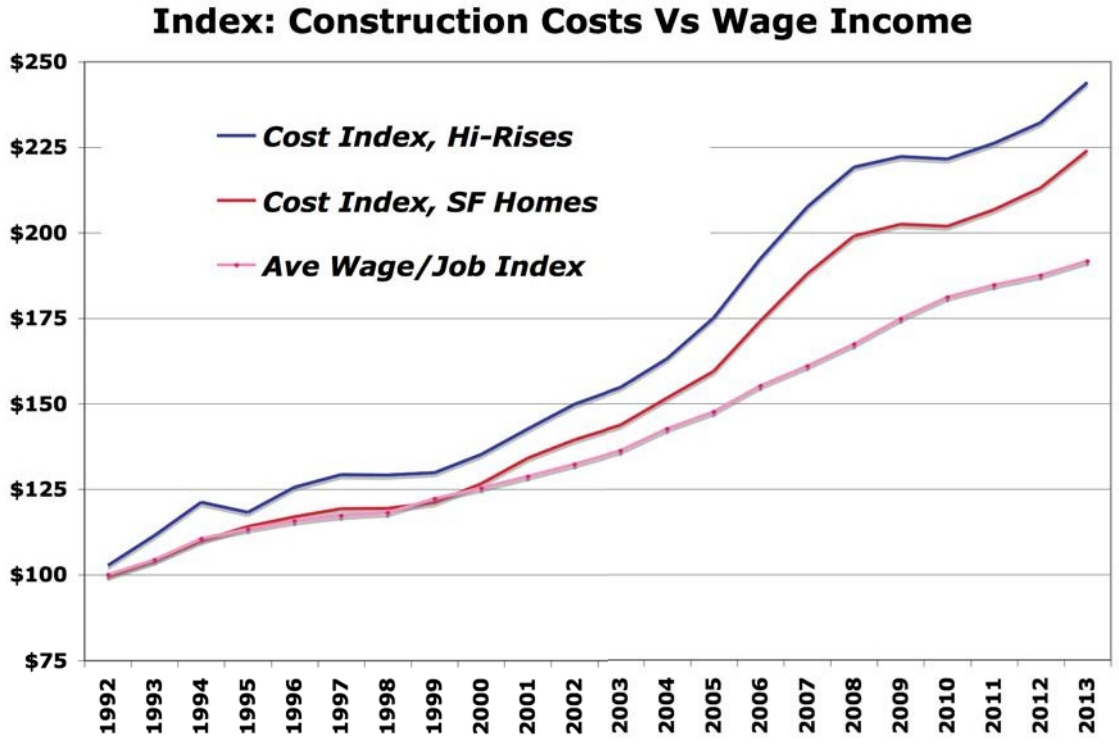

Figure XII-5. Index: Construction Costs vs. Wage Income

E. HOUSING SHORTAGE, DUE TO END OF TERM, OBSOLESCENCE OR MAINTENANCE

The current stock of affordable rental housing will not always be available in the future, OR may not always be available in the future for two reasons: obsolescence, or the end of the term in which the unit's rent is contractually set at an affordable level, and maintenance. While two different issues, they are tied to the same consideration – making sure the stock of rental housing appropriate for low-income families is available.

Given that units will leave the affordable housing pool, planning needs to be done now to insure that those units are replaced. While obvious, it bears mentioning. What isn't obvious, and also bears mentioning, is that the continuing maintenance of these units also needs to be funded. The author participated in a 2005 study that identified public rental housing projects that were in need of maintenance, or suitable for redevelopment, done for the predecessor of HHFDC, HCDCH.

The lead contractor was Alvarez & Marsal, a private consultant specializing in housing – and just awarded five-year, $88 million contract to assist the U.S. Air Force (USAF) with its military housing and other public-private real estate programs.

The key findings were:

- The age and condition of the portfolio will result in a significant increase in uninhabitable units over time unless substantial amounts are spent to rehabilitate them.
- Without substantial capital to do so, one alternative would be to leverage (meaning develop or redevelop properties) real estate values into improving the portfolio.
- Leveraging certain properties would generate cash plus an opportunity to generate additional capital from other sources.
- The higher the targeted income, the higher the benefit from leverage.
- The benefit would be more public housing and/or more funds to maintain public housing.

Simply put, the study found a huge financial liability existing in terms of bringing up to code a large number of units that were very much behind code and had deferred maintenance. It also identified a way to fund that liability: to develop or redevelop both these and other publicly owned properties to their highest and best use – then apportion the benefits created by that to developing or maintaining affordable rental units.

F. HOUSING SHORTAGE, DUE TO PUBLIC SECTOR RISK

To be sure, this issue – housing ourselves at a reasonable cost - has been one of the most important policy issues for over 25 years: affordable housing, workforce housing, and public housing, these have been overly debated, analyzed and studied (including this one). The issue remains, and so do the solutions posited – subsidize the housing, set up a trust fund, do a bond issue, streamline the process, and engage in a private-public partnership.

The heart of the problem is that acting on something entails real costs, potentially public capital and political goodwill. For example, it is clearly evident that the counties and the state have significant resources, particularly land, but also enabling legislation to reduce regulation. However, it is land that is the most important part of the public sector with regard to affordable housing. The public sector has large land holdings that are under-utilized, costly both actually (to maintain) and potentially (to upgrade and realize the benefits of cost-savings and revenue enhancement).

A legislative plan to take action, the creation of the Public Land Development Corporation (PLDC), did not get off the ground. The legislation authorizing the PLDC was repealed due to public concerns over transparency and a concentration of political power, and lack of public support. Despite the failure of the PLDC, we should not lose sight of the big picture – there is a good argument to taking public resources and using them for the public good.

G. HOUSING SHORTAGE, DUE TO PRIVATE SECTOR RISK

Despite the excessive demand and limited supply conditions existing in the Hawaiian residential market – which would argue for stable and long-lasting companies in this industry – it has a good amount of firms that either have suffered significant financial setback, or gone into bankruptcy, or moved elsewhere for a better risk/reward condition.

Those that were known locally include C. Brewer Homes, Bruce Stark, Mike McCormack, Herbert Horita, Chris Hemmeter, Dillingham, Jim Schuler, Maui Land & Pine, and Jack Myers. And those that came in from outside (and have left) include Centex, Watt Homes, Crescent Heights, Lusk Homes, Lear Seigler, Crowne Vista, Fred Chan, General Growth, General Mortgage, Lyle Anderson, Suntory, Mitsui Fudosan and Seibu.

It bears emphasizing that home building can be extremely risky. It is an industry that has large transaction, production and carrying costs; it suffers from illiquidity, and very limited ability to forecast values. Add to that public sector regulation and exactments. Most of these factors are exogenous, beyond the control of the firm, particularly the most important: interest rates and a finance-driven economic cycle, which over time moves to excess both on the upside and the downside.

The effect of this is a high rate of attrition of business participants. And the affect of that on affordable rental housing is generally slight, but there is one, albeit a secondary effect, if the loss of home builders and developers means a loss of housing inventory, which in turn diminishes the level of shelter available to the community, which ultimately leads to loss of our economy's ability to sustain and to house itself. On the other hand, if there is the housing industry is healthy, it produces at all levels, and the expansion of housing at any level, even the higher ends, has the potential for affecting those around.

H. HOUSING SHORTAGE, SUMMARY

In sum, the military and the visitor industry do absorb a large share of the rental housing stock on mainly Oahu. But they pay market rates for those units, put good money into the local business community and very good money to the landlord community. Further, the military does much more than that: they give back and keep on giving back.

In addition, the units being rented out here are not directly fungible in the sense that they could or would be rented out to a local family in need of affordable housing – some units would go to family, some would go without a tenant, etc. But the bottom line is that neither the military nor tourism is vacating Hawaii, or these units. So the problem remains, and arguably would get worse without either (indeed, the local economy and community would have fewer resources).

Housing regulation has worked - a tremendous number of affordable condos were built in the 1990-1995 real estate up cycle on Oahu in Kapolei and the surrounding areas - but not always – Maui, 2006-2014.

High housing costs and low incomes is clearly the primary contributor to affordable housing shortages.

In terms of the actual inventory of affordable rental housing stock, the end of term and maintenance are the main, but not significant, cause for this shortage.

In terms of the potential inventory of affordable housing, the problem is both public and private sector risk. Simply put, affordable rental housing is unprofitable, so the market won't address the need by itself. Thus, barring the public sector entering the development business, the only way affordable rental housing will be produced is by a public sector subsidy. The public sector risk, at all levels, is whether that subsidy in concept and amount is proper, given competing obligations. Then, given a commitment, the question becomes what kind of affordable housing to be produced, in terms of efficacy and equity – both in terms of bang for the buck (the truth of affordable housing is that the lower the income group served, the more the buck and the smaller the bang) and of a just and compassionate society.

XIII. PRESCRIPTIONS

A. PRIVATE PUBLIC PARTNERSHIPS

Since housing demand for Hawaii real estate isn't retiring anytime soon, the answer is supplying more housing, and the means by which this can be provided lies in the hands of the housing industry and those in public service. Clearly, these two entities serve different masters – their shareholders and the voting public – and just as clearly, the two cannot go it alone.

The different masters put them on a collision course: business wants to make as much profit as possible, while the elected officials and those working for them want the greatest amount of that profit as to go to producing the greatest number of affordable units. Since neither can go it alone - the one needs the other - the obvious solution is an effective and productive public private partnership wherein everyone gets some of what they want.

Note that while this is relationship needs to be initially well structured (transparent, especially), it also needs to be flexible and adaptable to the business and real estate cycle. There always are new or changing economic conditions that destroy the business' profit margin. The greatest fear of business in partnering with the public sector in an unprofitable commercial venture is bankruptcy, followed by their fear that a project that leaves them weakened, relative to their competition. However, with safeguards and guarantees put into place that address the risks and benefits of both partners, this is an appropriate vehicle to drive up housing production.

B. FLEXIBLE HOUSING REGULATIONS

As always, there is a direct correlation between the rise in home prices and the rise in housing regulations, with a bias towards regulating higher, and with a history of missed housing opportunities, as the economy changes and prices fall. Today, history will repeat itself, unless the regulations are flexible and show a measure of good faith that the regulatory side (public sector) wants to the productive side (private sector) to succeed. This argues for regulations that are not hard-set, but adjusted to changing conditions (without having to rewrite the law or pass legislation). This is in keeping with the way businesses adapt, i.e., a ready-fire-aim mindset, or analyze, do and adjust.

Finally, we would be cautious in importing the affordable housing regulations developed in other markets by other political regimes and using them as benchmarks in setting our regulations. This is because Hawaii is the extreme - there is no more supply-restrained, demand-challenged housing market in the nation.

C. PUBLIC RESOURCE STEWARDSHIP

Since the resource of land is limited, the public sector has a responsibility to be a good steward for the community, past, current and future. If the use of that land can be upgraded, if the value increased, and if that can be combined with a public purpose, then this is a proper direction. In line with that, the recommendations of the aforementioned Alvarez & Marsal study could provide the additional funding so necessary for all levels of affordable rental housing.

In particular, the concept of stewardship of public lands in terms of providing adequate shelter to your community should be expressed on the lands under and around the rail stations on Oahu. This is the ideal location for all housing, but particularly affordable rental housing and/or the infrastructure in support thereof.

Rail is designed to address a transportation problem; it could, and should, orient itself to address the housing problem. Indeed, if done right (and the governing regulations produced quickly), a path would open up to facilitate the production on-site of affordable rental housing on-site at and around the rail stations. And this would help realize great quantities of ridership, the key to mass transit's affordable and efficient transportation.

This is responsible stewardship.

D. LOWERING THE COST OF HOUSING AND RAISING THE REVENUE

On the cost side of housing, this includes lowering the cost of inputs (including infrastructure and land), shortening the time of production (including permitting), and reducing the taxes, exactments and requirements (including, where applicable, building codes and standards) This is something the housing contractors working on federal land doing military housing have enjoyed, less time, more certainty, less risk.

On the revenue side, this can be done through broadening and deepening the flow of financing into this housing, be it up front through incentives, tax credits and bond financing, or at the back end, through tax forgiveness or other rebates. It can also be done also at the individual (rather than the project) level, with the individual getting direct subsidies or other benefits (flexible mortgage financing, an individual ownership interest generated via rental payments), which either increases the rental stream to the benefit of the rental unit owner or lowers the rental obligation of the renter (or increases the benefits).

E. HOUSING LADDER

This is a concept originated in UK to describe how over a lifetime a family progresses from cheap houses at the bottom of the property ladder (starter housing), to expensive houses at the top (and then down again to empty nester housing).

While the concept remains valid when transplanted here, the import to affordable rental is more relevant if and when applied across our community, such that it is the progression up the housing ladder of the entire community, not just an individual.

The ideal here would be to start at the bottom of both the income pyramid and the housing spectrum, and help those at this low-end, the base of the income pyramid, attain housing commensurate with their ability to pay. With a place on the first rung, in this case affordable rental housing, the goal would be for them to be able to move higher up the ladder, into market rental housing, and then to starter housing, typically a condo, then to larger and larger homes as the family grows in number and resources. ending up in a large home that accommodates the children (multigenerational housing, typical in Hawaii), or ending with the parents downsizing, and sharing the equity with their children so they have a down payment with which they can move up another rung on the ladder.

The specific application here would be a part of raising revenue, but the saver would be the individual and the savings applied to the individual's housing equity. At the affordable rental housing rung, one of the lowest, the concept would be to provide a rent at a level that allows the renter left over resources to set aside in a housing purchase account, out of which their down payment will come.

XIV. SUMMARY

At heart, this rental housing study showed rising rents – read tight supply – and – read great demand - a very high number of families that are dependent on rental housing for shelter.

There is a rule of thumb is that renter families generally come from the lower income part of our community, and economists and housing analysts think of this in terms of them making 80% of the area's median income, or AMI, or lower. It bears repeating that those making at or under than 60% and those at or under 30% of AMI are facing no rental unit availability, meaning crowding up or homelessness.

Relative to what has been supplied, the number of rental units affordable to those making 80% (and 60%, and 50%, and 30% of AMI), the supply/demand imbalance is tremendous, in quantitative terms. During the 10-year period from 2004-2013, just over 4,500 affordable rental units were delivered statewide with government assistance. (Source: HHFDC) To wit, there simply is an insufficient number of them being supplied, either in the affordable, the subsidized or the market-rate rental markets.

As seen, the for-sale residential real estate market is midway up its cycle, with shrinking supply of listings and steadily rising prices. Per usual, the home building industry is ramping up to meet this demand, but with a lag time in production, as well as a bias towards the lower-risk target markets, those in the upper end of the income spectrum and the offshore market. Thus, relative to demand, driven by job creation and population growth, the supply side of the market will certainly fall short of fulfilling housing need, especially for those families making 100% of AMI (workforce housing) and below (for-market rental, affordable rentals and homeless).

Qualitatively, there is widespread evidence of the toll this imbalance exacts on us as a community.

At the least, this toll starts with very stretched or constrained household budgets wherein family heads are forced to make painful decisions by dint of having to spending so much on housing, when at the same time they need to feed themselves, get to work, to school their children, address medical issues, and so on. All of which can create inter and intra familial problems, which can then become community and social problems, and exact a price at the personal, the familial, the social and the political level (the economy, too). It leads to families relocating to where the cost of shelter is more in-line with the incomes they can earn there.

At the most, this toll leads them to going homeless, living in the bushes on someone else's land, subject to greater interpersonal strife and personal suffering. And what's in-between is better, but not good:

- It leads to families having to double up with other families, to live in a garage, a tent in the back yard;
- It leads to landowners developing a multi-tenant house, to rent out rooms to families who share the bathrooms; and
- It leads to landlords illegally sub-dividing their rental units, again to double up the renter families, to serve their need (and profit).

This condition of supply/demand imbalance is consistent with the rest of the residential real estate market, except that market is not as persistently so, or acutely so: there is a cycle in which, for maybe a two year period in an eight year cycle, there is a window of opportunity to buy a home at a good price, meaning affordable to local residents. In parallel, the window also applies to affordable housing development, at least the segment of it that depends on there being a

sufficient profitability to offset the risk. This is why at the bottom of every cycle, a number of for-sale projects rush to come to market, to break ground, having done all that was necessary to proceed (read: clear the obstacles) over the prior 3-4 years (or longer).

The private and the public sectors should work together to open this window wider and serve more families in our community. Indeed, looking at the numbers that describe family incomes by Area Median Income, it is the case that the majority of our community fit into the below 100% of AMI, making affordable housing 'local housing.' And while numbers tell a story, they do not tell of the personal hardships in finding affordable shelter in Hawaii.

APPENDIX

Here follows a number of Appendices that further describe the market.

APPENDIX ONE: CRAIGSLIST DATA BY PERIOD

The following tables describe the data drawn from the Craigslist database.

It starts with the period (Yr) the data was collected, then it shows the number of listings (green shading), then the average rental rates of those listings (blue shading). It then describes the percentage change in each per period (List Ch %, Rent Ch %).

Directly underneath that, it shows the summary calculations, starting with:

- **Change from the first period (2012, 1st Quarter) to last period taken (2014, 1st Quarter).**
- Summary change (summary of all period's percentage change), and
- Per Period Change (the summary change, divided by the number of periods that showed a change).

SAMPLE TABLE

Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
2012.1Q	3,087	$1,659			2012.1Q	3,087	$1,659		
2012.3Q	3,302	$1,701	7.0%	2.6%	2012.3Q	3,195	$1,680	3.5%	1.3%
2012.4Q	2,211	$1,725	-33.0%	1.4%	2012.4Q	2,757	$1,713	-13.7%	2.0%
2013.3Q	2,672	$1,766	20.9%	2.4%	2013.3Q	2,442	$1,745	-11.4%	1.9%
2013.4Q	3,010	$1,784	12.6%	1.0%	2013.4Q	2,841	$1,775	16.4%	1.7%
2014.1Q	2,385	$1,830	-20.8%	2.6%	2014.1Q	2,698	$1,807	-5.1%	1.8%
Change, 2012.1Q - 2014.1Q			**-22.7%**	**10.3%**	**Change, 2012.1Q - 2014.1Q**			**-12.6%**	**8.9%**
Summary Change, all periods			-13.3%	9.9%	Summary Change, all periods			-10.3%	8.6%
Per period change			-2.7%	2.0%	Per period change			-2.1%	1.7%

The second (Adjacent) table is a repeat of the first, except that it averages the first table's data over two periods, to smooth it out and reduce the individual period's volatility.

It does this for:

- All units (all housing types, and all bedroom configurations and all areas or communities);
- Attached units (town homes, condos and apartments); and,
- Detached units.

The last two categories are broken down by number of bedrooms, and communities.

It begins with Attached Housing, and then finishes with Detached Housing (homes).

ATTACHED UNITS (Condos, Town Homes, Apartments)

Big Isle, ALL UNITS

	No Average				***Averaged, 2 Periods***			
Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
2012.1Q	389	$902			2012.1Q	389	$902		
2012.3Q	478	$919	22.9%	1.9%	2012.3Q	434	$911	11.4%	1.0%
2012.4Q	242	$955	-49.4%	3.9%	2012.4Q	360	$937	-17.0%	2.9%
2013.3Q	289	$1,032	19.4%	8.0%	2013.3Q	266	$994	-26.3%	6.0%
2013.4Q	210	$971	-27.3%	-5.9%	2013.4Q	250	$1,001	-6.0%	0.8%
2014.1Q	189	$1,061	-10.0%	9.3%	2014.1Q	200	$1,016	-20.0%	1.4%
Change, 2012.1Q - 2014.1Q			**-51.4%**	**17.6%**	**Change, 2012.1Q - 2014.1Q**			**-48.7%**	**12.6%**
Summary Change, all periods			-44.4%	17.2%	Summary Change, all periods			-57.8%	12.1%
Per period change			-8.9%	3.4%	Per period change			-11.6%	2.4%

AREA	Period	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Captain Cook - Kealakekua	2012.1Q	22	$920			2012.1Q	22	$920		
	2012.3Q	33	$1,026	50.0%	11.6%	2012.3Q	28	$973	25.0%	5.8%
	2012.4Q	17	$1,523	-48.5%	48.3%	2012.4Q	25	$1,274	-9.1%	31.0%
	2013.3Q	10	$943	-41.2%	-38.1%	2013.3Q	14	$1,233	-46.0%	-3.3%
	2013.4Q	12	$1,095	20.0%	16.2%	2013.4Q	11	$1,019	-18.5%	-17.3%
	2014.1Q	7	$1,214	-41.7%	10.9%	2014.1Q	10	$1,155	-13.6%	13.3%
	Change, 2012.1Q - 2014.1Q			**-68.2%**	**32.0%**	**Change, 2012.1Q - 2014.1Q**			**-56.8%**	**25.6%**
	Summary Change, all periods			-61.3%	48.9%	Summary Change, all periods			-62.2%	29.5%
	Per period change			-12.3%	9.8%	Per period change			-12.4%	5.9%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
East Big Isl	2012.1Q	65	$694			2012.1Q	65	$694		
	2012.3Q	71	$705	9.2%	1.5%	2012.3Q	68	$699	4.6%	0.7%
	2012.4Q	42	$663	-40.8%	-6.0%	2012.4Q	57	$684	-16.9%	-2.3%
	2013.3Q	36	$677	-14.3%	2.1%	2013.3Q	39	$670	-31.0%	-2.0%
	2013.4Q	62	$868	72.2%	28.3%	2013.4Q	49	$772	25.6%	15.4%
	2014.1Q	49	$780	-21.0%	-10.2%	2014.1Q	56	$824	13.3%	6.7%
	Change, 2012.1Q - 2014.1Q			**-24.6%**	**12.3%**	**Change, 2012.1Q - 2014.1Q**			**-14.6%**	**18.7%**
	Summary Change, all periods			5.4%	15.7%	Summary Change, all periods			-4.4%	18.5%
	Per period change			1.1%	3.1%	Per period change			-0.9%	3.7%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Hilo	2012.1Q	85	$808			2012.1Q	85	$808		
	2012.3Q	106	$826	24.7%	2.2%	2012.3Q	96	$817	12.4%	1.1%
	2012.4Q	64	$856	-39.6%	3.7%	2012.4Q	85	$841	-11.0%	3.0%
	2013.3Q	92	$872	43.8%	1.9%	2013.3Q	78	$864	-8.2%	2.8%
	2013.4Q	73	$838	-20.7%	-3.9%	2013.4Q	83	$855	5.8%	-1.1%
	2014.1Q	55	$870	-24.7%	3.8%	2014.1Q	64	$854	-22.4%	-0.1%
	Change, 2012.1Q - 2014.1Q			**-35.3%**	**7.6%**	**Change, 2012.1Q - 2014.1Q**			**-24.7%**	**5.7%**
	Summary Change, all periods			-16.5%	7.6%	Summary Change, all periods			-23.5%	5.6%
	Per period change			-3.3%	1.5%	Per period change			-4.7%	1.1%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Kona - Keauhou	2012.1Q	177	$935			2012.1Q	177	$935		
	2012.3Q	186	$950	5.1%	1.6%	2012.3Q	182	$943	2.5%	0.8%
	2012.4Q	74	$962	-60.2%	1.2%	2012.4Q	130	$956	-28.4%	1.4%
	2013.3Q	117	$1,142	58.1%	18.8%	2013.3Q	96	$1,052	-26.5%	10.1%
	2013.4Q	42	$1,149	-64.1%	0.6%	2013.4Q	80	$1,145	-16.8%	8.9%
	2014.1Q	57	$1,218	35.7%	6.0%	2014.1Q	50	$1,184	-37.7%	3.3%
	Change, 2012.1Q - 2014.1Q			**-67.8%**	**30.2%**	**Change, 2012.1Q - 2014.1Q**			**-72.0%**	**26.5%**
	Summary Change, all periods			-25.4%	28.2%	Summary Change, all periods			-106.9%	24.5%
	Per period change			-5.1%	5.6%	Per period change			-21.4%	4.9%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Waikoloa	2012.1Q	25	$1,448			2012.1Q	25	$1,448		
	2012.3Q	35	$1,328	40.0%	-8.3%	2012.3Q	30	$1,388	20.0%	-4.2%
	2012.4Q	23	$1,257	-34.3%	-5.3%	2012.4Q	29	$1,293	-3.3%	-6.9%
	2013.3Q	19	$1,759	-17.4%	39.9%	2013.3Q	21	$1,508	-27.6%	16.7%
	2013.4Q	13	$1,700	-31.6%	-3.4%	2013.4Q	16	$1,729	-23.8%	14.7%
	2014.1Q	11	$2,222	-15.4%	30.8%	2014.1Q	12	$1,961	-25.0%	13.4%
	Change, 2012.1Q - 2014.1Q			**-56.0%**	**53.4%**	**Change, 2012.1Q - 2014.1Q**			**-52.0%**	**35.4%**
	Summary Change, all periods			-58.6%	53.6%	Summary Change, all periods			-59.7%	33.7%
	Per period change			-11.7%	10.7%	Per period change			-11.9%	6.7%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Waimea - Kohala	2012.1Q	18	$940			2012.1Q	18	$940		
	2012.3Q	48	$960	166.7%	2.1%	2012.3Q	33	$950	83.3%	1.1%
	2012.4Q	22	$1,056	-54.2%	10.0%	2012.4Q	35	$1,008	6.1%	6.1%
	2013.3Q	19	$1,172	-13.6%	11.0%	2013.3Q	21	$1,114	-41.4%	10.5%
	2013.4Q	11	$979	-42.1%	-16.5%	2013.4Q	15	$1,076	-26.8%	-3.4%
	2014.1Q	12	$1,062	9.1%	8.4%	2014.1Q	12	$1,020	-23.3%	-5.1%
	Change, 2012.1Q - 2014.1Q			**-33.3%**	**12.9%**	**Change, 2012.1Q - 2014.1Q**			**-36.1%**	**8.6%**
	Summary Change, all periods			65.8%	15.1%	Summary Change, all periods			-2.2%	9.1%
	Per period change			13.2%	3.0%	Per period change			-0.4%	1.8%

DETACHED UNITS (Homes)

Big Isle, ALL UNITS

	No Average				Averaged, 2 Periods			
Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
2012.1Q	462	$1,083			2012.1Q	462	$1,083		
2012.3Q	578	$1,151	25.1%	6.3%	2012.3Q	520	$1,117	12.6%	3.1%
2012.4Q	374	$1,196	-35.3%	3.9%	2012.4Q	476	$1,173	-8.5%	5.1%
2013.3Q	369	$1,198	-1.3%	0.1%	2013.3Q	372	$1,197	-22.0%	2.0%
2013.4Q	270	$1,179	-26.8%	-1.6%	2013.4Q	320	$1,188	-14.0%	-0.7%
2014.1Q	214	$1,278	-20.7%	8.4%	2014.1Q	242	$1,229	-24.3%	3.4%
Change, 2012.1Q - 2014.1Q			**-53.7%**	**18.0%**	**Change, 2012.1Q - 2014.1Q**			**-47.6%**	**13.4%**
Summary Change, all periods			-59.1%	17.2%	Summary Change, all periods			-56.1%	12.9%
Per period change			-11.8%	3.4%	Per period change			-11.2%	2.6%

AREA	Period	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Captain Cook - Kealakekua	2012.1Q	4	$1,725			2012.1Q	4	$1,725		
	2012.3Q	13	$1,223	225.0%	-29.1%	2012.3Q	9	$1,474	112.5%	-14.5%
	2012.4Q	6	$893	-53.8%	-27.0%	2012.4Q	10	$1,058	11.8%	-28.2%
	2013.3Q	18	$1,898	200.0%	112.5%	2013.3Q	12	$1,396	26.3%	31.9%
	2013.4Q	5	$2,174	-72.2%	14.5%	2013.4Q	12	$2,036	-4.2%	45.9%
	2014.1Q	8	$1,712	60.0%	-21.3%	2014.1Q	7	$1,943	-43.5%	-4.6%
	Change, 2012.1Q - 2014.1Q			**100.0%**	**-0.8%**	**Change, 2012.1Q - 2014.1Q**			**62.5%**	**12.6%**
	Summary Change, all periods			358.9%	49.7%	Summary Change, all periods			102.9%	30.4%
	Per period change			71.8%	9.9%	Per period change			20.6%	6.1%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
East Big Isl	2012.1Q	258	$855			2012.1Q	258	$855		
	2012.3Q	296	$972	14.7%	13.7%	2012.3Q	277	$914	7.4%	6.8%
	2012.4Q	199	$979	-32.8%	0.7%	2012.4Q	248	$976	-10.6%	6.8%
	2013.3Q	205	$942	3.0%	-3.8%	2013.3Q	202	$961	-18.4%	-1.5%
	2013.4Q	166	$997	-19.0%	5.8%	2013.4Q	186	$969	-8.2%	0.9%
	2014.1Q	120	$1,046	-27.7%	5.0%	2014.1Q	143	$1,021	-22.9%	5.3%
	Change, 2012.1Q - 2014.1Q			**-53.5%**	**22.3%**	**Change, 2012.1Q - 2014.1Q**			**-44.6%**	**19.4%**
	Summary Change, all periods			-61.8%	21.4%	Summary Change, all periods			-52.7%	18.3%
	Per period change			-12.4%	4.3%	Per period change			-10.5%	3.7%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Hilo	2012.1Q	82	$1,212			2012.1Q	82	$1,212		
	2012.3Q	101	$1,158	23.2%	-4.5%	2012.3Q	92	$1,185	11.6%	-2.3%
	2012.4Q	53	$1,369	-47.5%	18.3%	2012.4Q	77	$1,264	-15.8%	6.6%
	2013.3Q	60	$1,240	13.2%	-9.4%	2013.3Q	57	$1,305	-26.6%	3.3%
	2013.4Q	54	$1,258	-10.0%	1.5%	2013.4Q	57	$1,249	0.9%	-4.3%
	2014.1Q	30	$1,297	-44.4%	3.1%	2014.1Q	42	$1,277	-26.3%	2.3%
	Change, 2012.1Q - 2014.1Q			**-63.4%**	**7.0%**	**Change, 2012.1Q - 2014.1Q**			**-48.8%**	**5.4%**
	Summary Change, all periods			-65.6%	8.9%	Summary Change, all periods			-56.3%	5.6%
	Per period change			-13.1%	1.8%	Per period change			-11.3%	1.1%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Kona - Keauhou	2012.1Q	83	$1,413			2012.1Q	83	$1,413		
	2012.3Q	91	$1,420	9.6%	0.5%	2012.3Q	87	$1,417	4.8%	0.2%
	2012.4Q	53	$1,498	-41.8%	5.5%	2012.4Q	72	$1,459	-17.2%	3.0%
	2013.3Q	52	$1,565	-1.9%	4.4%	2013.3Q	53	$1,532	-27.1%	5.0%
	2013.4Q	32	$1,642	-38.5%	4.9%	2013.4Q	42	$1,603	-20.0%	4.7%
	2014.1Q	35	$1,757	9.4%	7.0%	2014.1Q	34	$1,699	-20.2%	6.0%
	Change, 2012.1Q - 2014.1Q			**-57.8%**	**24.3%**	**Change, 2012.1Q - 2014.1Q**			**-59.6%**	**20.2%**
	Summary Change, all periods			-63.1%	22.4%	Summary Change, all periods			-79.7%	18.9%
	Per period change			-12.6%	4.5%	Per period change			-15.9%	3.8%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Waikoloa	2012.1Q	10	$1,517			2012.1Q	10	$1,517		
	2012.3Q	18	$1,599	80.0%	5.4%	2012.3Q	14	$1,558	40.0%	2.7%
	2012.4Q	18	$1,696	0.0%	6.1%	2012.4Q	18	$1,648	28.6%	5.7%
	2013.3Q	7	$1,577	-61.1%	-7.0%	2013.3Q	13	$1,637	-30.6%	-0.7%
	2013.4Q	3	$1,497	-57.1%	-5.1%	2013.4Q	5	$1,537	-60.0%	-6.1%
	2014.1Q	6	$1,595	100.0%	6.6%	2014.1Q	5	$1,546	-10.0%	0.6%
	Change, 2012.1Q - 2014.1Q			**-40.0%**	**5.1%**	**Change, 2012.1Q - 2014.1Q**			**-55.0%**	**1.9%**
	Summary Change, all periods			61.7%	5.9%	Summary Change, all periods			-32.0%	2.3%
	Per period change			12.3%	1.2%	Per period change			-6.4%	0.5%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Waimea - Kohala	2012.1Q	25	$1,590			2012.1Q	25	$1,590		
	2012.3Q	59	$1,451	136.0%	-8.7%	2012.3Q	42	$1,521	68.0%	-4.3%
	2012.4Q	45	$1,430	-23.7%	-1.5%	2012.4Q	52	$1,441	23.8%	-5.2%
	2013.3Q	27	$1,737	-40.0%	21.5%	2013.3Q	36	$1,584	-30.8%	9.9%
	2013.4Q	10	$1,635	-63.0%	-5.9%	2013.4Q	19	$1,686	-48.6%	6.5%
	2014.1Q	15	$1,623	50.0%	-0.7%	2014.1Q	13	$1,629	-32.4%	-3.4%
	Change, 2012.1Q - 2014.1Q			**-40.0%**	**2.1%**	**Change, 2012.1Q - 2014.1Q**			**-50.0%**	**2.5%**
	Summary Change, all periods			59.3%	4.7%	Summary Change, all periods			-20.0%	3.4%
	Per period change			11.9%	0.9%	Per period change			-4.0%	0.7%

DETACHED UNITS (Homes)
Big Isle, 2 BR

	No Average				*Averaged, 2 Periods*			
Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
2012.1Q	87	$1,790			2012.1Q	87	$1,790		
2012.3Q	97	$1,651	11.5%	-7.7%	2012.3Q	92	$1,720	5.7%	-3.9%
2012.4Q	61	$1,769	-37.1%	7.1%	2012.4Q	79	$1,710	-14.1%	-0.6%
2013.3Q	80	$1,976	31.1%	11.7%	2013.3Q	71	$1,872	-10.8%	9.5%
2013.4Q	50	$1,798	-37.5%	-9.0%	2013.4Q	65	$1,887	-7.8%	0.8%
2014.1Q	31	$1,971	-38.0%	9.6%	2014.1Q	41	$1,885	-37.7%	-0.1%
Change, 2012.1Q - 2014.1Q			**-64.4%**	**10.2%**	**Change, 2012.1Q - 2014.1Q**			**-53.4%**	**5.3%**
Summary Change, all periods			-70.0%	11.7%	Summary Change, all periods			-64.6%	5.7%
Per period change			-14.0%	2.3%	Per period change			-12.9%	1.1%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Captain Cook - Kealakekua	2012.1Q	3	$1,133			2012.1Q	3	$1,133		
	2012.3Q	3	$1,133	0.0%	0.0%	2012.3Q	3	$1,133	0.0%	0.0%
	2012.4Q	4	$1,113	33.3%	-1.8%	2012.4Q	4	$1,123	16.7%	-0.9%
	2013.3Q	2	$1,150	-50.0%	3.4%	2013.3Q	3	$1,131	-14.3%	0.7%
	2013.4Q	6	$948	200.0%	-17.5%	2013.4Q	4	$1,049	33.3%	-7.3%
	2014.1Q	5	$1,200	-16.7%	26.5%	2014.1Q	6	$1,074	37.5%	2.4%
	Change, 2012.1Q - 2014.1Q			**66.7%**	**5.9%**	**Change, 2012.1Q - 2014.1Q**			**83.3%**	**-5.2%**
	Summary Change, all periods			166.7%	10.5%	Summary Change, all periods			73.2%	-5.1%
	Per period change			33.3%	2.1%	Per period change			14.6%	-1.0%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
East Big Isl	2012.1Q	72	$873			2012.1Q	72	$873		
	2012.1Q	81	$912	12.5%	4.5%	2012.3Q	77	$892	6.3%	2.3%
	2012.3Q	60	$994	-25.9%	9.0%	2012.4Q	71	$953	-7.8%	6.8%
	2013.3Q	61	$956	1.7%	-3.9%	2013.3Q	61	$975	-14.2%	2.3%
	2013.4Q	52	$976	-14.8%	2.2%	2013.4Q	57	$966	-6.6%	-0.9%
	2014.1Q	27	$997	-48.1%	2.1%	2014.1Q	40	$986	-30.1%	2.1%
	Change, 2012.1Q - 2014.1Q			**-62.5%**	**14.2%**	**Change, 2012.1Q - 2014.1Q**			**-45.1%**	**13.0%**
	Summary Change, all periods			-74.6%	13.9%	Summary Change, all periods			-52.5%	12.6%
	Per period change			-14.9%	2.8%	Per period change			-10.5%	2.5%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Hilo	2012.1Q	18	$925			2012.1Q	18	$925		
	2012.3Q	35	$1,019	94.4%	10.2%	2012.3Q	27	$972	47.2%	5.1%
	2012.4Q	13	$1,087	-62.9%	6.7%	2012.4Q	24	$1,053	-9.4%	8.3%
	2013.3Q	15	$1,170	15.4%	7.7%	2013.3Q	14	$1,128	-41.7%	7.2%
	2013.4Q	14	$1,045	-6.7%	-10.7%	2013.4Q	15	$1,107	3.6%	-1.9%
	2014.1Q	5	$1,100	-64.3%	5.3%	2014.1Q	10	$1,072	-34.5%	-3.2%
	Change, 2012.1Q - 2014.1Q			**-72.2%**	**19.0%**	**Change, 2012.1Q - 2014.1Q**			**-47.2%**	**16.0%**
	Summary Change, all periods			-24.0%	19.1%	Summary Change, all periods			-34.8%	15.6%
	Per period change			-4.8%	3.8%	Per period change			-7.0%	3.1%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Kona - Keauhou	2012.1Q	19	$1,298			2012.1Q	19	$1,298		
	2012.1Q	26	$1,361	36.8%	4.9%	2012.3Q	23	$1,329	18.4%	2.4%
	2012.1Q	24	$1,345	-7.7%	-1.2%	2012.4Q	25	$1,353	11.1%	1.8%
	2012.3Q	19	$1,490	-20.8%	10.7%	2013.3Q	22	$1,417	-14.0%	4.8%
	2013.3Q	12	$1,753	-36.8%	17.7%	2013.4Q	16	$1,621	-27.9%	14.4%
	2014.1Q	7	$1,757	-41.7%	0.3%	2014.1Q	10	$1,755	-38.7%	8.3%
	Change, 2012.1Q - 2014.1Q			**-63.2%**	**35.4%**	**Change, 2012.1Q - 2014.1Q**			**-50.0%**	**35.2%**
	Summary Change, all periods			-70.2%	32.4%	Summary Change, all periods			-51.1%	31.6%
	Per period change			-14.0%	6.5%	Per period change			-10.2%	6.3%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Waikoloa	2012.1Q	2	$1,425			2012.1Q	2	$1,425		
	2012.3Q	6	$1,308	200.0%	-8.2%		4	$1,366	100.0%	-4.1%
	2012.4Q	1	$1,330	-83.3%	1.7%		4	$1,319	-12.5%	-3.5%
	2013.3Q	1	$1,250	0.0%	-6.0%		1	$1,290	-71.4%	-2.2%
	2013.4Q	1	$1,295	0.0%	3.6%		1	$1,273	0.0%	-1.4%
	2014.1Q	3	$1,532	200.0%	18.3%		2	$1,413	100.0%	11.1%
	Change, 2012.1Q - 2014.1Q			**50.0%**	**7.5%**	**Change, 2012.1Q - 2014.1Q**			**0.0%**	**-0.8%**
	Summary Change, all periods			316.7%	9.3%	Summary Change, all periods			116.1%	-0.1%
	Per period change			63.3%	1.9%	Per period change			23.2%	0.0%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Waimea - Kohala	2012.1Q	2	$1,283			2012.1Q	2	$1,283		
	2012.3Q	9	$1,339	350.0%	4.4%		6	$1,311	175.0%	2.2%
	2012.4Q	3	$1,050	-66.7%	-21.6%		6	$1,194	9.1%	-8.9%
	2013.3Q	6	$1,429	100.0%	36.1%		5	$1,240	-25.0%	3.8%
	2013.4Q	2	$1,475	-66.7%	3.2%		4	$1,452	-11.1%	17.1%
	2014.1Q	5	$1,339	150.0%	-9.2%		4	$1,407	-12.5%	-3.1%
	Change, 2012.1Q - 2014.1Q			**150.0%**	**4.4%**	**Change, 2012.1Q - 2014.1Q**			**75.0%**	**9.7%**
	Summary Change, all periods			466.7%	12.9%	Summary Change, all periods			135.5%	11.1%
	Per period change			93.3%	2.6%	Per period change			27.1%	2.2%

DETACHED UNITS (Homes)

Big Isle, 3 BR

	No Average				***Averaged, 2 Periods***			
Yr	Listings	Rents	List Ch %	Rent Ch %	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	110	$2,468			110	$2,468		
2012.3Q	100	$2,288	-9.1%	-7.3%	105	$2,378	-4.5%	-3.7%
2012.4Q	67	$2,260	-33.0%	-1.2%	84	$2,274	-20.5%	-4.4%
2013.3Q	76	$2,762	13.4%	22.3%	72	$2,511	-14.4%	10.4%
2013.4Q	38	$2,846	-50.0%	3.0%	57	$2,804	-20.3%	11.7%
2014.1Q	36	$3,005	-5.3%	5.6%	37	$2,925	-35.1%	4.3%
Change, 2012.1Q - 2014.1Q			**-67.3%**	**21.7%**	**Change, 2012.1Q - 2014.1Q**		**-66.4%**	**18.5%**
Summary Change, all periods			-83.9%	22.3%	Summary Change, all periods		-94.8%	18.4%
Per period change			-16.8%	4.5%	Per period change		-19.0%	3.7%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Captain Cook - Kealakekua	2012.1Q	7	$1,436			2012.1Q	7	$1,436		
	2012.3Q	7	$1,436	0.0%	0.0%	2012.3Q	7	$1,436	0.0%	0.0%
	2012.4Q	2	$968	-71.4%	-32.6%	2012.4Q	5	$1,202	-35.7%	-16.3%
	2013.3Q	6	$2,190	200.0%	126.4%	2013.3Q	4	$1,579	-11.1%	31.4%
	2013.4Q	4	$1,719	-33.3%	-21.5%	2013.4Q	5	$1,954	25.0%	23.8%
	2014.1Q	2	$1,850	-50.0%	7.6%	2014.1Q	3	$1,784	-40.0%	-8.7%
	Change, 2012.1Q - 2014.1Q			**-71.4%**	**28.9%**	**Change, 2012.1Q - 2014.1Q**			**-57.1%**	**24.3%**
	Summary Change, all periods			45.2%	79.9%	Summary Change, all periods			-61.8%	30.2%
	Per period change			9.0%	16.0%	Per period change			-12.4%	6.0%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
East Big Isl	2012.1Q	89	$1,010			2012.1Q	89	$1,010		
	2012.3Q	110	$1,148	23.6%	13.6%	2012.3Q	100	$1,079	11.8%	6.8%
	2012.4Q	80	$1,112	-27.3%	-3.1%	2012.4Q	95	$1,130	-4.5%	4.7%
	2013.3Q	80	$1,111	0.0%	-0.1%	2013.3Q	80	$1,112	-15.8%	-1.6%
	2013.4Q	65	$1,140	-18.8%	2.6%	2013.4Q	73	$1,126	-9.4%	1.3%
	2014.1Q	44	$1,244	-32.3%	9.1%	2014.1Q	55	$1,192	-24.8%	5.9%
	Change, 2012.1Q - 2014.1Q			**-50.6%**	**23.2%**	**Change, 2012.1Q - 2014.1Q**			**-38.8%**	**18.0%**
	Summary Change, all periods			-54.7%	22.2%	Summary Change, all periods			-42.7%	17.1%
	Per period change			-10.9%	4.4%	Per period change			-8.5%	3.4%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Hilo	2012.1Q	42	$1,269			2012.1Q	42	$1,269		
	2012.3Q	41	$1,196	-2.4%	-5.8%	2012.3Q	42	$1,232	-1.2%	-2.9%
	2012.4Q	27	$1,415	-34.1%	18.3%	2012.4Q	34	$1,305	-18.1%	5.9%
	2013.3Q	36	$1,240	33.3%	-12.4%	2013.3Q	32	$1,328	-7.4%	1.7%
	2013.4Q	26	$1,278	-27.8%	3.1%	2013.4Q	31	$1,259	-1.6%	-5.1%
	2014.1Q	13	$1,327	-50.0%	3.8%	2014.1Q	20	$1,303	-37.1%	3.5%
	Change, 2012.1Q - 2014.1Q			**-69.0%**	**4.6%**	**Change, 2012.1Q - 2014.1Q**			**-53.6%**	**2.7%**
	Summary Change, all periods			-81.0%	7.1%	Summary Change, all periods			-65.3%	3.1%
	Per period change			-16.2%	1.4%	Per period change			-13.1%	0.6%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Kona - Keauhou	2012.1Q	37	$1,913			2012.1Q	37	$1,913		
	2012.3Q	28	$1,830	-24.3%	-4.3%	2012.3Q	33	$1,871	-12.2%	-2.2%
	2012.4Q	15	$1,795	-46.4%	-1.9%	2012.4Q	22	$1,812	-33.8%	-3.1%
	2013.3Q	10	$1,910	-33.3%	6.4%	2013.3Q	13	$1,853	-41.9%	2.2%
	2013.4Q	6	$1,892	-40.0%	-1.0%	2013.4Q	8	$1,901	-36.0%	2.6%
	2014.1Q	12	$2,100	100.0%	11.0%	2014.1Q	9	$1,996	12.5%	5.0%
	Change, 2012.1Q - 2014.1Q			**-67.6%**	**9.8%**	**Change, 2012.1Q - 2014.1Q**			**-75.7%**	**4.3%**
	Summary Change, all periods			-44.1%	10.2%	Summary Change, all periods			-111.4%	4.5%
	Per period change			-8.8%	2.0%	Per period change			-22.3%	0.9%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Waikoloa	2012.1Q	5	$1,489			2012.1Q	5	$1,489		
	2012.3Q	10	$1,664	100.0%	11.7%	2012.3Q	8	$1,576	50.0%	5.9%
	2012.4Q	16	$1,766	60.0%	6.1%	2012.4Q	13	$1,715	73.3%	8.8%
	2013.3Q	3	$1,814	-81.3%	2.7%	2013.3Q	10	$1,790	-26.9%	4.4%
	2013.4Q	1	$2,200	-66.7%	21.3%	2013.4Q	2	$2,007	-78.9%	12.1%
	2014.1Q	3	$1,658	200.0%	-24.6%	2014.1Q	2	$1,929	0.0%	-3.9%
	Change, 2012.1Q - 2014.1Q			**-40.0%**	**11.4%**	**Change, 2012.1Q - 2014.1Q**			**-60.0%**	**29.5%**
	Summary Change, all periods			212.1%	17.2%	Summary Change, all periods			17.5%	27.3%
	Per period change			42.4%	3.4%	Per period change			3.5%	5.5%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Waimea - Kohala	2012.1Q	16	$1,580			2012.1Q	16	$1,580		
	2012.3Q	28	$1,552	75.0%	-1.8%	2012.3Q	22	$1,566	37.5%	-0.9%
	2012.4Q	25	$1,412	-10.7%	-9.0%	2012.4Q	27	$1,482	20.5%	-5.4%
	2013.3Q	10	$1,890	-60.0%	33.9%	2013.3Q	18	$1,651	-34.0%	11.4%
	2013.4Q	4	$1,600	-60.0%	-15.3%	2013.4Q	7	$1,745	-60.0%	5.7%
	2014.1Q	5	$2,420	25.0%	51.3%	2014.1Q	5	$2,010	-35.7%	15.2%
	Change, 2012.1Q - 2014.1Q			**-68.8%**	**53.2%**	**Change, 2012.1Q - 2014.1Q**			**-71.9%**	**27.2%**
	Summary Change, all periods			-30.7%	59.0%	Summary Change, all periods			-71.7%	26.1%
	Per period change			-6.1%	11.8%	Per period change			-14.3%	5.2%

DETACHED UNITS (Homes)

Big Isle, 4 BEDS

	No Average				***Averaged, 2 Periods***			
Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
2012.1Q	30	$2,640			2012.1Q	30	$2,640		
2012.3Q	24	$3,014	-20.0%	14.1%	2012.3Q	27	$2,827	-10.0%	7.1%
2012.4Q	16	$3,391	-33.3%	12.5%	2012.4Q	20	$3,202	-25.9%	13.3%
2013.3Q	21	$3,452	31.3%	1.8%	2013.3Q	19	$3,421	-7.5%	6.8%
2013.4Q	11	$4,327	-47.6%	25.4%	2013.4Q	16	$3,890	-13.5%	13.7%
2014.1Q	12	$3,696	9.1%	-14.6%	2014.1Q	12	$4,012	-28.1%	3.1%
Change, 2012.1Q - 2014.1Q			**-60.0%**	**40.0%**	**Change, 2012.1Q - 2014.1Q**			**-61.7%**	**52.0%**
Summary Change, all periods			-60.6%	39.2%	Summary Change, all periods			-85.1%	44.0%
Per period change			-12.1%	7.8%	Per period change			-17.0%	8.8%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Captain Cook - Kealakekua	2012.1Q	1	$3,500			2012.1Q	1	$3,500		
	2012.1Q	1	$3,500	0.0%	0.0%	2012.3Q	1	$3,500	0.0%	0.0%
	2012.3Q	1	$3,500	0.0%	0.0%	2012.4Q	1	$3,500	0.0%	0.0%
	2013.3Q	4	$3,484	300.0%	-0.5%	2013.3Q	3	$3,492	150.0%	-0.2%
	2013.4Q	1	$3,995	-75.0%	14.7%	2013.4Q	3	$3,740	0.0%	7.1%
	2014.1Q	1	$3,995	0.0%	0.0%	2014.1Q	1	$3,995	-60.0%	6.8%
	Change, 2012.1Q - 2014.1Q			**0.0%**	**14.1%**	**Change, 2012.1Q - 2014.1Q**			**0.0%**	**14.1%**
	Summary Change, all periods			225.0%	14.2%	Summary Change, all periods			90.0%	13.7%
	Per period change			45.0%	2.8%	Per period change			18.0%	2.7%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
East Big Isl	2012.1Q	17	$1,316			2012.1Q	17	$1,316		
	2012.3Q	22	$1,298	29.4%	-1.4%	2012.3Q	20	$1,307	14.7%	-0.7%
	2012.4Q	17	$1,352	-22.7%	4.2%	2012.4Q	20	$1,325	0.0%	1.4%
	2013.3Q	8	$1,238	-52.9%	-8.5%	2013.3Q	13	$1,295	-35.9%	-2.3%
	2013.4Q	8	$1,258	0.0%	1.6%	2013.4Q	8	$1,248	-36.0%	-3.7%
	2014.1Q	11	$1,607	37.5%	27.8%	2014.1Q	10	$1,432	18.8%	14.8%
	Change, 2012.1Q - 2014.1Q			**-35.3%**	**22.1%**	**Change, 2012.1Q - 2014.1Q**			**-44.1%**	**8.9%**
	Summary Change, all periods			-8.8%	23.8%	Summary Change, all periods			-38.4%	9.6%
	Per period change			-1.8%	4.8%	Per period change			-7.7%	1.9%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Hilo	2012.4Q	9	$1,527			2012.1Q	9	$1,527		
	2012.4Q	9	$1,527	0.0%	0.0%	2012.3Q	9	$1,527	0.0%	0.0%
	2012.4Q	5	$1,995	-44.4%	30.6%	2012.4Q	7	$1,761	-22.2%	15.3%
	2012.4Q	5	$1,575	0.0%	-21.1%	2013.3Q	5	$1,785	-28.6%	1.4%
	2013.4Q	7	$1,814	40.0%	15.2%	2013.4Q	6	$1,695	20.0%	-5.1%
	2014.1Q	6	$1,624	-14.3%	-10.5%	2014.1Q	7	$1,719	8.3%	1.5%
	Change, 2012.1Q - 2014.1Q			**-33.3%**	**6.3%**	**Change, 2012.1Q - 2014.1Q**			**-27.8%**	**12.6%**
	Summary Change, all periods			-18.7%	14.3%	Summary Change, all periods			-22.5%	13.1%
	Per period change			-3.7%	2.9%	Per period change			-4.5%	2.6%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Kona - Keauhou	2012.1Q	7	$2,157			2012.1Q	7	$2,157		
	2012.3Q	7	$2,157	0.0%	0.0%	2012.3Q	7	$2,157	0.0%	0.0%
	2012.4Q	5	$2,212	-28.6%	2.6%	2012.4Q	6	$2,185	-14.3%	1.3%
	2013.3Q	5	$2,880	0.0%	30.2%	2013.3Q	5	$2,546	-16.7%	16.5%
	2013.4Q	5	$2,320	0.0%	-19.4%	2013.4Q	5	$2,600	0.0%	2.1%
	2014.1Q	3	$2,150	-40.0%	-7.3%	2014.1Q	4	$2,235	-20.0%	-14.0%
	Change, 2012.1Q - 2014.1Q			**-57.1%**	**-0.3%**	**Change, 2012.1Q - 2014.1Q**			**-42.9%**	**3.6%**
	Summary Change, all periods			-68.6%	6.0%	Summary Change, all periods			-51.0%	5.9%
	Per period change			-13.7%	1.2%	Per period change			-10.2%	1.2%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Waikoloa	2012.1Q					2012.1Q	#DIV/0!	#DIV/0!		
	2012.1Q			#DIV/0!	#DIV/0!	2012.3Q	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	2012.3Q			#DIV/0!	#DIV/0!	2012.4Q	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	2013.3Q			#DIV/0!	#DIV/0!	2013.3Q	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	2013.4Q			#DIV/0!	#DIV/0!	2013.4Q	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	2014.1Q			#DIV/0!	#DIV/0!	2014.1Q	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Change, 2012.1Q - 2014.1Q			**#DIV/0!**	**#DIV/0!**	**Change, 2012.1Q - 2014.1Q**			**#DIV/0!**	**#DIV/0!**
	Summary Change, all periods			#DIV/0!	#DIV/0!	Summary Change, all periods			#DIV/0!	#DIV/0!
	Per period change			#DIV/0!	#DIV/0!	Per period change			#DIV/0!	#DIV/0!
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Waimea - Kohala	2012.1Q	2	$3,450			2012.1Q	2	$3,450		
	2012.1Q	6	$2,225	200.0%	-35.5%	2012.3Q	4	$2,838	100.0%	-17.8%
	2012.3Q	6	$2,550	0.0%	14.6%	2012.4Q	6	$2,388	50.0%	-15.9%
	2013.3Q	4	$3,050	-33.3%	19.6%	2013.3Q	5	$2,800	-16.7%	17.3%
	2013.4Q	2	$2,350	-50.0%	-23.0%	2013.4Q	3	$2,700	-40.0%	-3.6%
	2014.1Q	1	$1,950	-50.0%	-17.0%	2014.1Q	2	$2,150	-50.0%	-20.4%
	Change, 2012.1Q - 2014.1Q			**-50.0%**	**-43.5%**	**Change, 2012.1Q - 2014.1Q**			**-25.0%**	**-37.7%**
	Summary Change, all periods			66.7%	-41.3%	Summary Change, all periods			43.3%	-40.3%
	Per period change			13.3%	-8.3%	Per period change			8.7%	-8.1%

ATTACHED UNITS (Condos, Town Homes, Apartments)
Big Isle, STUDIOS

	No Average				Averaged, 2 Periods			
Yr	Listings	Rents	List Ch %	Rent Ch %	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	116	$974			116	$974		
2012.3Q	161	$1,051	38.8%	8.0%	139	$1,012	19.4%	4.0%
2012.4Q	103	$1,096	-36.0%	4.2%	132	$1,073	-4.7%	6.0%
2013.3Q	108	$1,108	4.9%	1.1%	106	$1,102	-20.1%	2.6%
2013.4Q	81	$1,119	-25.0%	1.0%	95	$1,114	-10.4%	1.1%
2014.1Q	52	$1,192	-35.8%	6.5%	67	$1,156	-29.6%	3.8%
Change, 2012.1Q - 2014.1Q			**-55.2%**	**22.5%**	**Change, 2012.1Q - 2014.1Q**		**-42.7%**	**18.7%**
Summary Change, all periods			-53.2%	20.9%	Summary Change, all periods		-45.4%	17.5%
Per period change			-10.6%	4.2%	Per period change		-9.1%	3.5%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Captain Cook - Kealakekua	2012.1Q	2	$838			2012.1Q	2	$838		
	2012.3Q	6	$676	200.0%	-19.3%	2012.3Q	4	$757	100.0%	-9.7%
	2012.4Q	2	$900	-66.7%	33.2%	2012.4Q	4	$788	0.0%	4.1%
	2013.3Q	1	$850	-50.0%	-5.6%	2013.3Q	2	$875	-62.5%	11.1%
	2013.4Q	3	$882	200.0%	3.7%	2013.4Q	2	$866	33.3%	-1.0%
	2014.1Q	2	$863	-33.3%	-2.2%	2014.1Q	3	$872	25.0%	0.7%
	Change, 2012.1Q - 2014.1Q			**0.0%**	**3.0%**	**Change, 2012.1Q - 2014.1Q**			**25.0%**	**4.1%**
	Summary Change, all periods			250.0%	9.9%	Summary Change, all periods			95.8%	5.2%
	Per period change			50.0%	2.0%	Per period change			19.2%	1.0%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
East Big Isl	2012.1Q	28	$658			2012.1Q	28	$658		
	2012.1Q	21	$518	-25.0%	-21.3%	2012.3Q	25	$588	-12.5%	-10.7%
	2012.3Q	20	$517	-4.8%	-0.2%	2012.4Q	21	$517	-16.3%	-12.0%
	2013.3Q	14	$561	-30.0%	8.6%	2013.3Q	17	$539	-17.1%	4.2%
	2013.4Q	20	$643	42.9%	14.5%	2013.4Q	17	$602	0.0%	11.7%
	2014.1Q	18	$586	-10.0%	-8.8%	2014.1Q	19	$614	11.8%	2.1%
	Change, 2012.1Q - 2014.1Q			**-35.7%**	**-10.9%**	**Change, 2012.1Q - 2014.1Q**			**-32.1%**	**-6.6%**
	Summary Change, all periods			-26.9%	-7.1%	Summary Change, all periods			-34.1%	-4.7%
	Per period change			-5.4%	-1.4%	Per period change			-6.8%	-0.9%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Hilo	2012.1Q	32	$759			2012.1Q	32	$759		
	2012.3Q	33	$727	3.1%	-4.2%	2012.3Q	33	$743	1.6%	-2.1%
	2012.4Q	23	$754	-30.3%	3.7%	2012.4Q	28	$740	-13.8%	-0.3%
	2013.3Q	22	$751	-4.3%	-0.4%	2013.3Q	23	$752	-19.6%	1.6%
	2013.4Q	27	$694	22.7%	-7.6%	2013.4Q	25	$722	8.9%	-4.0%
	2014.1Q	26	$758	-3.7%	9.3%	2014.1Q	27	$726	8.2%	0.5%
	Change, 2012.1Q - 2014.1Q			**-18.8%**	**-0.1%**	**Change, 2012.1Q - 2014.1Q**			**-17.2%**	**-4.3%**
	Summary Change, all periods			-12.5%	0.8%	Summary Change, all periods			-14.9%	-4.3%
	Per period change			-2.5%	0.2%	Per period change			-3.0%	-0.9%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Kona - Keauhou	2012.1Q	55	$721			2012.1Q	55	$721		
	2012.1Q	52	$763	-5.5%	5.9%	2012.3Q	54	$742	-2.7%	2.9%
	2012.1Q	23	$713	-55.8%	-6.6%	2012.4Q	38	$738	-29.9%	-0.5%
	2012.3Q	28	$878	21.7%	23.2%	2013.3Q	26	$795	-32.0%	7.8%
	2013.3Q	14	$891	-50.0%	1.5%	2013.4Q	21	$884	-17.6%	11.2%
	2014.1Q	14	$818	0.0%	-8.2%	2014.1Q	14	$855	-33.3%	-3.4%
	Change, 2012.1Q - 2014.1Q			**-74.5%**	**13.5%**	**Change, 2012.1Q - 2014.1Q**			**-74.5%**	**18.6%**
	Summary Change, all periods			-89.5%	15.8%	Summary Change, all periods			-115.6%	18.0%
	Per period change			-17.9%	3.2%	Per period change			-23.1%	3.6%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Waikoloa	2012.1Q					2012.1Q	#DIV/0!	#DIV/0!		
	2012.3Q			#DIV/0!	#DIV/0!		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	2012.4Q			#DIV/0!	#DIV/0!		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	2013.3Q			#DIV/0!	#DIV/0!		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	2013.4Q			#DIV/0!	#DIV/0!		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	2014.1Q			#DIV/0!	#DIV/0!		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Change, 2012.1Q - 2014.1Q			**#DIV/0!**	**#DIV/0!**	**Change, 2012.1Q - 2014.1Q**			**#DIV/0!**	**#DIV/0!**
	Summary Change, all periods			#DIV/0!	#DIV/0!	Summary Change, all periods			#DIV/0!	#DIV/0!
	Per period change			#DIV/0!	#DIV/0!	Per period change			#DIV/0!	#DIV/0!
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Waimea - Kohala	2012.1Q	7	$707			2012.1Q	7	$707		
	2012.3Q	19	$826	171.4%	16.9%		13	$767	85.7%	8.4%
	2012.4Q	7	$779	-63.2%	-5.8%		13	$802	0.0%	4.7%
	2013.3Q	3	$692	-57.1%	-11.2%		5	$735	-61.5%	-8.4%
	2013.4Q	5	$814	66.7%	17.7%		4	$753	-20.0%	2.4%
	2014.1Q	6	$753	20.0%	-7.5%		6	$784	37.5%	4.1%
	Change, 2012.1Q - 2014.1Q			**-14.3%**	**6.5%**	**Change, 2012.1Q - 2014.1Q**			**-21.4%**	**10.8%**
	Summary Change, all periods			137.8%	10.1%	Summary Change, all periods			41.7%	11.2%
	Per period change			27.6%	2.0%	Per period change			8.3%	2.2%

ATTACHED UNITS (Condos, Town Homes, Apartments)

Big Isle, ONE BEDS

	No Average				Averaged, 2 Periods			
Yr	Listings	Rents	List Ch %	Rent Ch %	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	190	$1,304			190	$1,304		
2012.3Q	224	$1,324	17.9%	1.6%	207	$1,314	8.9%	0.8%
2012.4Q	165	$1,331	-26.3%	0.5%	195	$1,328	-6.0%	1.0%
2013.3Q	145	$1,311	-12.1%	-1.5%	155	$1,321	-20.3%	-0.5%
2013.4Q	106	$1,267	-26.9%	-3.4%	126	$1,289	-19.0%	-2.4%
2014.1Q	79	$1,493	-25.5%	17.8%	93	$1,380	-26.3%	7.1%
Change, 2012.1Q - 2014.1Q			**-58.4%**	**14.5%**	**Change, 2012.1Q - 2014.1Q**		**-51.3%**	**5.8%**
Summary Change, all periods			-72.9%	15.0%	Summary Change, all periods		-62.7%	5.9%
Per period change			-14.6%	3.0%	Per period change		-12.5%	1.2%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Captain Cook - Kealakekua	2012.1Q	8	$757			2012.1Q	8	$757		
	2012.3Q	8	$810	0.0%	6.9%	2012.3Q	8	$784	0.0%	3.5%
	2012.4Q	6	$746	-25.0%	-8.0%	2012.4Q	7	$778	-12.5%	-0.8%
	2013.3Q	5	$690	-16.7%	-7.4%	2013.3Q	6	$718	-21.4%	-7.7%
	2013.4Q	4	$750	-20.0%	8.7%	2013.4Q	5	$720	-18.2%	0.3%
	2014.1Q	2	$838	-50.0%	11.7%	2014.1Q	3	$794	-33.3%	10.2%
	Change, 2012.1Q - 2014.1Q			**-75.0%**	**10.6%**	**Change, 2012.1Q - 2014.1Q**			**-62.5%**	**4.8%**
	Summary Change, all periods			-111.7%	11.9%	Summary Change, all periods			-85.4%	5.6%
	Per period change			-22.3%	2.4%	Per period change			-17.1%	1.1%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
East Big Isl	2012.1Q	22	$660			2012.1Q	22	$660		
	2012.3Q	26	$707	18.2%	7.2%	2012.3Q	24	$683	9.1%	3.6%
	2012.4Q	12	$686	-53.8%	-3.0%	2012.4Q	19	$697	-20.8%	2.0%
	2013.3Q	15	$640	25.0%	-6.7%	2013.3Q	14	$663	-28.9%	-4.8%
	2013.4Q	12	$1,029	-20.0%	60.7%	2013.4Q	14	$834	0.0%	25.8%
	2014.1Q	15	$741	25.0%	-28.0%	2014.1Q	14	$885	0.0%	6.0%
	Change, 2012.1Q - 2014.1Q			**-31.8%**	**12.3%**	**Change, 2012.1Q - 2014.1Q**			**-38.6%**	**34.1%**
	Summary Change, all periods			-5.7%	30.3%	Summary Change, all periods			-40.7%	32.6%
	Per period change			-1.1%	6.1%	Per period change			-8.1%	6.5%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Hilo	2012.1Q	26	$803			2012.1Q	26	$803		
	2012.3Q	40	$849	53.8%	5.7%	2012.3Q	33	$826	26.9%	2.8%
	2012.4Q	19	$863	-52.5%	1.6%	2012.4Q	30	$856	-10.6%	3.6%
	2013.3Q	31	$822	63.2%	-4.8%	2013.3Q	25	$842	-15.3%	-1.6%
	2013.4Q	20	$803	-35.5%	-2.3%	2013.4Q	26	$812	2.0%	-3.6%
	2014.1Q	14	$880	-30.0%	9.6%	2014.1Q	17	$841	-33.3%	3.6%
	Change, 2012.1Q - 2014.1Q			**-46.2%**	**9.5%**	**Change, 2012.1Q - 2014.1Q**			**-34.6%**	**4.7%**
	Summary Change, all periods			-1.0%	9.8%	Summary Change, all periods			-30.3%	4.8%
	Per period change			-0.2%	2.0%	Per period change			-6.1%	1.0%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Kona - Keauhou	2012.1Q	64	$821			2012.1Q	64	$821		
	2012.3Q	90	$882	40.6%	7.4%	2012.3Q	77	$851	20.3%	3.7%
	2012.4Q	28	$900	-68.9%	2.1%	2012.4Q	59	$891	-23.4%	4.6%
	2013.3Q	51	$1,054	82.1%	17.1%	2013.3Q	40	$977	-33.1%	9.6%
	2013.4Q	15	$1,044	-70.6%	-0.9%	2013.4Q	33	$1,049	-16.5%	7.4%
	2014.1Q	20	$1,068	33.3%	2.3%	2014.1Q	18	$1,056	-47.0%	0.7%
	Change, 2012.1Q - 2014.1Q			**-68.8%**	**30.1%**	**Change, 2012.1Q - 2014.1Q**			**-72.7%**	**28.6%**
	Summary Change, all periods			16.6%	27.9%	Summary Change, all periods			-99.5%	26.0%
	Per period change			3.3%	5.6%	Per period change			-19.9%	5.2%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Waikoloa	2012.1Q					2012.1Q	#DIV/0!	#DIV/0!		
	2012.1Q			#DIV/0!	#DIV/0!	2012.3Q	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	2012.1Q	5	$816	#DIV/0!	#DIV/0!	2012.4Q	5	$816	#DIV/0!	#DIV/0!
	2012.3Q	6	$826	20.0%	1.2%	2013.3Q	6	$821	10.0%	0.6%
	2012.4Q	8	$883	33.3%	6.9%	2013.4Q	7	$855	27.3%	4.1%
	2013.3Q	1	$832	-87.5%	-5.8%	2014.1Q	5	$858	-35.7%	0.4%
	Change, 2012.1Q - 2014.1Q			**#DIV/0!**	**#DIV/0!**	**Change, 2012.1Q - 2014.1Q**			**#DIV/0!**	**#DIV/0!**
	Summary Change, all periods			#DIV/0!	#DIV/0!	Summary Change, all periods			#DIV/0!	#DIV/0!
	Per period change			#DIV/0!	#DIV/0!	Per period change			#DIV/0!	#DIV/0!
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Waimea - Kohala	2012.1Q	5	$1,009			2012.1Q	5	$1,009		
	2012.3Q	13	$942	160.0%	-6.6%	2012.3Q	9	$976	80.0%	-3.3%
	2012.4Q	4	$975	-69.2%	3.5%	2012.4Q	9	$959	-5.6%	-1.7%
	2013.3Q	8	$921	100.0%	-5.5%	2013.3Q	6	$948	-29.4%	-1.1%
	2013.4Q	3	$875	-62.5%	-5.0%	2013.4Q	6	$898	-8.3%	-5.3%
	2014.1Q	2	$913	-33.3%	4.3%	2014.1Q	3	$894	-54.5%	-0.5%
	Change, 2012.1Q - 2014.1Q			**-60.0%**	**-9.6%**	**Change, 2012.1Q - 2014.1Q**			**-50.0%**	**-11.4%**
	Summary Change, all periods			94.9%	-9.4%	Summary Change, all periods			-17.8%	-11.9%
	Per period change			19.0%	-1.9%	Per period change			-3.6%	-2.4%

ATTACHED UNITS (Condos, Town Homes, Apartments)
Big Isle, TWO BEDS

	No Average				*Averaged, 2 Periods*			
Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
2012.1Q	31	$1,593			2012.1Q	31	$1,593		
2012.3Q	45	$1,612	45.2%	1.2%	2012.3Q	38	$1,603	22.6%	0.6%
2012.4Q	33	$1,798	-26.7%	11.5%	2012.4Q	39	$1,705	2.6%	6.4%
2013.3Q	27	$2,237	-18.2%	24.5%	2013.3Q	30	$2,018	-23.1%	18.3%
2013.4Q	23	$1,872	-14.8%	-16.3%	2013.4Q	25	$2,055	-16.7%	1.8%
2014.1Q	22	$1,810	-4.3%	-3.3%	2014.1Q	23	$1,841	-10.0%	-10.4%
Change, 2012.1Q - 2014.1Q			**-29.0%**	**13.6%**	**Change, 2012.1Q - 2014.1Q**			**-27.4%**	**15.6%**
Summary Change, all periods			-18.8%	17.5%	Summary Change, all periods			-24.5%	16.8%
Per period change			-3.8%	3.5%	Per period change			-4.9%	3.4%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Captain Cook - Kealakekua	2012.1Q	7	$971			2012.1Q	7	$971		
	2012.1Q	16	$1,133	128.6%	16.7%	2012.3Q	12	$1,052	64.3%	8.3%
	2012.3Q	4	$1,145	-75.0%	1.0%	2012.4Q	10	$1,139	-13.0%	8.2%
	2013.3Q	3	$1,075	-25.0%	-6.1%	2013.3Q	4	$1,110	-65.0%	-2.6%
	2013.4Q	2	$1,400	-33.3%	30.2%	2013.4Q	3	$1,238	-28.6%	11.5%
	2014.1Q	3	$1,700	50.0%	21.4%	2014.1Q	3	$1,550	0.0%	25.3%
	Change, 2012.1Q - 2014.1Q			**-57.1%**	**75.0%**	**Change, 2012.1Q - 2014.1Q**			**-64.3%**	**59.6%**
	Summary Change, all periods			45.2%	63.2%	Summary Change, all periods			-42.3%	50.8%
	Per period change			9.0%	12.6%	Per period change			-8.5%	10.2%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
East Big Isl	2012.1Q	13	$804			2012.1Q	13	$804		
	2012.3Q	20	$825	53.8%	2.6%	2012.3Q	17	$814	26.9%	1.3%
	2012.4Q	8	$772	-60.0%	-6.4%	2012.4Q	14	$798	-15.2%	-2.0%
	2013.3Q	5	$1,040	-37.5%	34.7%	2013.3Q	7	$906	-53.6%	13.5%
	2013.4Q	16	$883	220.0%	-15.1%	2013.4Q	11	$962	61.5%	6.1%
	2014.1Q	11	$1,029	-31.3%	16.5%	2014.1Q	14	$956	28.6%	-0.6%
	Change, 2012.1Q - 2014.1Q			**-15.4%**	**27.9%**	**Change, 2012.1Q - 2014.1Q**			**3.8%**	**18.9%**
	Summary Change, all periods			145.1%	32.3%	Summary Change, all periods			48.3%	18.4%
	Per period change			29.0%	6.5%	Per period change			9.7%	3.7%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Hilo	2012.4Q	20	$804			2012.1Q	20	$804		
	2012.4Q	28	$864	40.0%	7.5%	2012.3Q	24	$834	20.0%	3.7%
	2012.4Q	22	$958	-21.4%	10.9%	2012.4Q	25	$911	4.2%	9.2%
	2012.4Q	30	$933	36.4%	-2.7%	2013.3Q	26	$945	4.0%	3.7%
	2013.4Q	20	$971	-33.3%	4.1%	2013.4Q	25	$952	-3.8%	0.7%
	2014.1Q	9	$995	-55.0%	2.5%	2014.1Q	15	$983	-42.0%	3.3%
	Change, 2012.1Q - 2014.1Q			**-55.0%**	**23.8%**	**Change, 2012.1Q - 2014.1Q**			**-27.5%**	**22.2%**
	Summary Change, all periods			-33.4%	22.3%	Summary Change, all periods			-17.7%	20.7%
	Per period change			-6.7%	4.5%	Per period change			-3.5%	4.1%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Kona - Keauhou	2012.1Q	49	$1,155			2012.1Q	49	$1,155		
	2012.3Q	39	$1,278	-20.4%	10.6%	2012.3Q	44	$1,217	-10.2%	5.3%
	2012.4Q	19	$1,230	-51.3%	-3.8%	2012.4Q	29	$1,254	-34.1%	3.1%
	2013.3Q	32	$1,401	68.4%	13.9%	2013.3Q	26	$1,315	-12.1%	4.9%
	2013.4Q	10	$1,388	-68.8%	-1.0%	2013.4Q	21	$1,394	-17.6%	6.0%
	2014.1Q	16	$1,480	60.0%	6.7%	2014.1Q	13	$1,434	-38.1%	2.8%
	Change, 2012.1Q - 2014.1Q			**-67.3%**	**28.1%**	**Change, 2012.1Q - 2014.1Q**			**-73.5%**	**24.1%**
	Summary Change, all periods			-12.0%	26.4%	Summary Change, all periods			-112.1%	22.1%
	Per period change			-2.4%	5.3%	Per period change			-22.4%	4.4%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Waikoloa	2012.1Q	15	$1,496			2012.1Q	15	$1,496		
	2012.1Q	25	$1,391	66.7%	-7.0%	2012.3Q	20	$1,443	33.3%	-3.5%
	2012.3Q	14	$1,397	-44.0%	0.5%	2012.4Q	20	$1,394	-2.5%	-3.4%
	2013.3Q	10	$1,732	-28.6%	24.0%	2013.3Q	12	$1,565	-38.5%	12.2%
	2013.4Q	9	$1,688	-10.0%	-2.5%	2013.4Q	10	$1,710	-20.8%	9.3%
	2014.1Q	7	$1,349	-22.2%	-20.1%	2014.1Q	8	$1,519	-15.8%	-11.2%
	Change, 2012.1Q - 2014.1Q			**-53.3%**	**-9.8%**	**Change, 2012.1Q - 2014.1Q**			**-46.7%**	**1.5%**
	Summary Change, all periods			-38.1%	-5.2%	Summary Change, all periods			-44.3%	3.4%
	Per period change			-7.6%	-1.0%	Per period change			-8.9%	0.7%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
Waimea - Kohala	2012.1Q	4	$1,119			2012.1Q	4	$1,119		
	2012.1Q	12	$1,081	200.0%	-3.4%	2012.3Q	8	$1,100	100.0%	-1.7%
	2012.3Q	6	$1,036	-50.0%	-4.2%	2012.4Q	9	$1,058	12.5%	-3.8%
	2013.3Q	7	$1,153	16.7%	11.3%	2013.3Q	7	$1,094	-27.8%	3.4%
	2013.4Q	2	$1,038	-71.4%	-10.0%	2013.4Q	5	$1,095	-30.8%	0.1%
	2014.1Q	3	$1,582	50.0%	52.4%	2014.1Q	3	$1,310	-44.4%	19.6%
	Change, 2012.1Q - 2014.1Q			**-25.0%**	**41.4%**	**Change, 2012.1Q - 2014.1Q**			**-37.5%**	**17.1%**
	Summary Change, all periods			145.2%	46.2%	Summary Change, all periods			9.5%	17.6%
	Per period change			29.0%	9.2%	Per period change			1.9%	3.5%

APPENDIX TWO: CRAIGSLIST DATA BY PERIOD

This is the same data, but without the averaging. By doing that, it also allows for a better focus on the trend in the specific area, or community.

BIG ISLAND

Condos		Capt Cook - Kealakekua		East Big Isl		Hilo		Kona - Keauhou		Waikoloa		Waimea - Kohala		Total Listed	Total Ave Rent
Bedrms	Yr	Listed	Ave Rent	Listed	Ave Rent	Listed	Ave Rent	Listed	Ave Rent	Listed	Ave Rent	Listed	Ave Rent		
0	2012.1Q	2	$838	28	$658	32	$759	55	$721			7	$707	124	$717
	2012.3Q	6	$676	21	$518	33	$727	52	$763	1	$850	19	$826	132	$721
	2012.4Q	2	$900	20	$517	23	$754	23	$713			7	$779	75	$684
	2013.3Q	1	$850	14	$551	22	$751	28	$878	4	$885	3	$692	72	$770
	2013.4Q	3	$882	20	$643	27	$694	14	$891	1	$650	5	$814	70	$735
	2014.1Q	2	$863	18	$536	26	$758	14	$818			6	$753	66	$731
0 Total		16	$797	121	$536	163	$740	186	$775	6	$840	47	$782	539	$725
1	2012.1Q	8	$757	22	$650	26	$803	64	$821	5	$813	5	$1,009	130	$793
	2012.3Q	8	$810	26	$737	40	$849	90	$882	6	$823	13	$942	185	$847
	2012.4Q	6	$746	12	$636	19	$863	28	$900	8	$883	4	$975	77	$848
	2013.3Q	5	$690	15	$640	31	$822	51	$1,054	1	$832	8	$921	111	$905
	2013.4Q	4	$750	12	$1,029	20	$803	15	$1,044			3	$875	54	$920
	2014.1Q	2	$838	15	$741	14	$880	20	$1,068			2	$913	54	$916
1 Total		33	$762	102	$727	150	$834	268	$925	20	$847	35	$944	611	$859
2	2012.1Q	7	$971	13	$804	20	$804	49	$1,155	15	$1,495	4	$1,119	108	$1,082
	2012.3Q	16	$1,133	20	$825	28	$864	39	$1,278	25	$1,391	12	$1,081	140	$1,117
	2012.4Q	4	$1,145	8	$772	22	$958	19	$1,230	14	$1,397	6	$1,036	73	$1,109
	2013.3Q	3	$1,075	5	$1,040	30	$933	32	$1,401	10	$1,732	7	$1,153	87	$1,226
	2013.4Q	2	$1,400	16	$833	20	$971	10	$1,388	9	$1,688	2	$1,038	59	$1,147
	2014.1Q	3	$1,700	11	$1,029	9	$995	16	$1,480	7	$1,349	3	$1,582	49	$1,296
2 Total		35	$1,161	73	$871	129	$912	165	$1,286	80	$1,484	34	$1,134	516	$1,147
3	2012.1Q	5	$1,140	2	$875	5	$948	7	$1,692	5	$1,939	2	$1,225	26	$1,391
	2012.3Q	3	$1,733	4	$1,039	5	$1,079	4	$1,469	3	$1,967	4	$1,288	23	$1,382
	2012.4Q	1	$1,200	1	$1,150			3	$1,517	1	$2,288	5	$1,532	11	$1,532
	2013.3Q	1	$1,900	2	$850	8	$1,138	6	$1,745	4	$2,929	1	$4,500	22	$1,790
	2013.4Q	3	$1,567	11	$1,015	4	$1,206	2	$1,548	3	$2,083			23	$1,306
	2014.1Q			3	$830	4	$1,125	6	$1,774	4	$3,750	1	$1,650	18	$1,968
3 Total		13	$1,438	23	$986	26	$1,098	28	$1,660	20	$2,542	13	$1,647	123	$1,538
4	2012.1Q					2	$1,350							2	$1,350
	2012.3Q							1	$1,900					1	$1,900
	2012.4Q	4	$3,458	1	$1,930			1	$1,660					6	$2,903
	2013.3Q					1	$1,195							1	$1,195
	2013.4Q			3	$1,115	1	$1,300	1	$3,150			1	$2,000	6	$1,633
	2014.1Q			1	$995	2	$1,175							3	$1,115
4 Total		4	$3,458	5	$1,254	6	$1,258	3	$2,237			1	$2,000	19	$1,913

BIG ISLAND
Homes

		Capt Cook - Kealakekua		East Big Isl		Hilo		Kona - Keauhou		Waikoloa		Waimea - Kohala		Total Listings	Total Ave Rent
Bedrms	Yr	Listings	Ave Rent	Listings	Ave Rent	Listings	Ave Rent	Listings	Ave Rent	Listings	Ave Rent	Listings	Ave Rent		
1	2012.1Q			65	$581	7	$893	22	$859			3	$900	97	$676
	2012.3Q	3	$775	65	$659	8	$838	24	$971			11	$1,019	111	$779
	2012.4Q	2	$563	36	$596	8	$1,284	10	$953	1	$950	8	$857	65	$775
	2013.3Q	1	$900	41	$672	2	$750	13	$948	2	$1,125	7	$1,032	66	$784
	2013.4Q			31	$704	5	$814	7	$1,146	1	$995	2	$1,150	46	$809
	2014.1Q			28	$737	3	$1,067	9	$1,244			4	$900	44	$878
1 Total		6	$725	266	$647	33	$970	85	$979	4	$1,049	35	$968	429	$769
2	2012.1Q	3	$1,133	72	$873	18	$925	19	$1,298	2	$1,425	2	$1,283	116	$974
	2012.3Q	4	$1,113	81	$912	35	$1,019	26	$1,361	6	$1,308	9	$1,339	161	$1,051
	2012.4Q	2	$1,150	60	$994	13	$1,087	24	$1,345	1	$1,330	3	$1,050	103	$1,096
	2013.3Q	6	$948	61	$956	15	$1,170	19	$1,490	1	$1,250	6	$1,429	108	$1,108
	2013.4Q			52	$976	14	$1,045	12	$1,753	1	$1,295	2	$1,475	81	$1,119
	2014.1Q	5	$1,200	27	$997	5	$1,100	7	$1,757	3	$1,532	5	$1,339	52	$1,192
2 Total		20	$1,092	353	$941	100	$1,041	107	$1,439	14	$1,369	27	$1,333	621	$1,075
3	2012.1Q			89	$1,010	42	$1,269	37	$1,913	5	$1,489	16	$1,580	190	$1,304
	2012.3Q	7	$1,436	110	$1,148	41	$1,196	28	$1,830	10	$1,664	28	$1,552	224	$1,324
	2012.4Q	2	$968	80	$1,112	27	$1,415	15	$1,795	16	$1,766	25	$1,412	165	$1,331
	2013.3Q	6	$2,190	80	$1,111	36	$1,240	10	$1,910	3	$1,814	10	$1,890	145	$1,311
	2013.4Q	4	$1,719	65	$1,140	26	$1,278	6	$1,892	1	$2,200	4	$1,600	106	$1,267
	2014.1Q	2	$1,850	44	$1,244	13	$1,327	12	$2,100	3	$1,658	5	$2,420	79	$1,493
3 Total		21	$1,700	468	$1,117	185	$1,274	108	$1,894	38	$1,709	88	$1,607	909	$1,327
4	2012.1Q	1	$3,500	17	$1,316	9	$1,527			2	$1,438	2	$3,450	31	$1,593
	2012.3Q			22	$1,298	9	$1,527	7	$2,157	1	$1,800	6	$2,225	45	$1,612
	2012.4Q			17	$1,352	5	$1,995	5	$2,212			6	$2,550	33	$1,798
	2013.3Q	4	$3,484	8	$1,238	5	$1,575	5	$2,880	1	$2,100	4	$3,050	27	$2,237
	2013.4Q	1	$3,995	8	$1,258	7	$1,814	5	$2,320			2	$2,350	23	$1,872
	2014.1Q	1	$3,995	11	$1,607	6	$1,624	3	$2,150			1	$1,950	22	$1,810
4 Total		7	$3,632	83	$1,344	41	$1,653	25	$2,344	4	$1,694	21	$2,590	181	$1,793
Grand Total		54	$1,617	1,170	$974	359	$1,224	325	$1,540	60	$1,585	171	$1,554	2,140	$1,182

APPENDIX THREE: CRAIGSLIST DATA BY PRICE RANGE

This is again the Craigslist data, but it is broken out by rental price segments and period of time in such a way as to show the number of times a listing appears within a price range. The rental price segments are $12.50, a price breakout that relates well to the rents that low-income households are in search of. Due to a peculiarity of the formula of the spreadsheet, the segmentation that shows up in the left hand side of the table appears without a comma, and is represented such that $1,200 to $1,212.50 appears as $1200-$1211.5.

In addition, at the bottom of the page, the respective Area Median Income ranges (AMI) are identified and then colored. These colors were then used to show which listing and price segment that the particular unit's rental rate falls into. This allows the reader to visualize the frequency of listings over the time period analyzed.

For instance, the table below shows the One Bedroom (Sum of 1) AMI by the maximum rent allowed for Oahu:

AMI	Sum of 1
30%	$539
50%	$898
60%	$1,078
80%	$1,438
100%	$1,797

This analysis was performed for bedroom count units that were the ones most sought after by lower-income households. When the table heading says "(All)", this refers to the data combining both attached and detached units.

Big Island, 1 Bedroom (All Attached)

	2012.1Q	2012.3Q	2012.4Q	2013.3Q	2013.4Q	2014.1Q
$300 or less				1		
$300-$311.5				1		
$400-$411.5	1	2		1	1	
$425-$436.5	1					
$475-$486.5		1				
$487.5-$499		1				
$500-$511.5		7	3	2	2	1
$525-$536.5	1	1				
$550-$561.5	2	4	3	2		1
$575-$586.5	1	2		2		
$587.5-$599	2	2	2			
$600-$611.5	6	9		5	1	
$612.5-$624	2					
$625-$636.5	6	3		3	1	2
$637.5-$649	1	15	2	2		4
$650-$661.5	12	5	2	5	3	1
$662.5-$674		1				
$675-$686.5	4	4	6	4	2	2
$687.5-$699	1	5	3	1	5	1
$700-$711.5	9	5	2	3		1
$712.5-$724	1			1		
$725-$736.5	2	1	3	3	1	1
$737.5-$749	3		1			
$750-$761.5	12	8	5	8	8	4
$762.5-$774	4					
$775-$786.5	5	2	2	1		2
$787.5-$799	4		2	1		1
$800-$811.5	9	9	7	2	3	5
$812.5-$824	1		2			
$825-$836.5	3	4	1	2		1
$837.5-$849			2			
$850-$861.5	5	9	1	6	7	3
$875-$886.5	2	7	2	3		1
$887.5-$899	1	2	1		2	1
$900-$911.5	3	17	8	8	1	
$925-$936.5	2	2				
$950-$961.5	5	8	3	2		3
$962.5-$974		1		1		
$975-$986.5		2		2	2	2
$987.5-$999	2		2	1		2

AMI	Sum of 1
30%	$ 373
50%	$ 623
60%	$ 747
80%	$ 996
100%	$ 1,246

Big Island, 2 Bedroom (All)

	2012.1Q	2012.3Q	2012.4Q	2013.3Q	2013.4Q	2014.1Q
$475-$499	2					
$500-$524		1		1		
$550-$574			2	1		
$575-$599			1			
$600-$624	4	2	2	3		
$625-$649	1	1				
$650-$674	1		1	2	1	2
$675-$699	6	7			1	
$700-$724	7	12	11	4	9	3
$725-$749	8	13	5	5	2	2
$750-$774	9	19	5	6	2	3
$775-$799	9	2	4	1		2
$800-$824	10	26	10	14	13	2
$825-$849	2	4	3	3	2	1
$850-$874	18	14	10	8	12	8
$875-$899	10	2	3	1	4	
$900-$924	19	19	8	11	9	10
$925-$949	4	4	2	6	1	2
$950-$974	13	25	11	16	3	3
$975-$999	4	6	5	3	4	1
$1000-$1024	5	11	10	6	8	5
$1025-$1049		1	2			
$1050-$1074	3	3	1	4	2	1
$1075-$1099	5	5		1		
$1100-$1124	19	19	12	10	13	5
$1125-$1149		2		2	2	
$1150-$1174	3	7	4	4	2	
$1175-$1199	1	4		1		1
$1200-$1224	9	27	12	15	5	8
$1225-$1249	1	1				1
$1250-$1274	10	11	3	6	8	4
$1275-$1299	5		2	3	2	1
$1300-$1324	2	7	3	7	2	1
$1325-$1349		2	12			
$1350-$1374	4	4	5	3	1	1
$1375-$1399	1	1		2		1
$1400-$1424	1	4	3	4	3	5
$1425-$1449				1		
$1450-$1474	5	3	2	8	2	1
$1475-$1499	1	1	1	2	3	
$1500-$1524	4	7		7	4	2

AMI	Sum of 1
30%	$ 454
50%	$ 756
60%	$ 908
80%	$ 1,211
100%	$ 1,513